Summary of Consolidated Financial Results
For the Year Ended January 31, 2009

March 6, 2009

Company name: Pigeon Corporation (Stock code: 7956)
Listings: First Section, Tokyo Stock Exchange
Website: www.pigeon.co.jp
Representative: Akio Okoshi (President and COO)
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Annual General Meeting of Shareholders: April 28, 2009/Year-end dividends: Paid from April 30, 2009
Date of release of Business Report: April 30, 2009

1. Consolidated Financial Results (February 1, 2008–January 31, 2009)

(1) Performance

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year ended January 31, 2009	53,092	7.8%	4,269	33.7%	4,293	35.1%	2,854	94.0%
Year ended January 31, 2008	49,237	8.7%	3,192	15.9%	3,177	15.7%	1,471	(23.2)%

	Net Income per Share (¥)	Diluted Net Income Per Share (¥)	Return on Equity (%)	Total Assets/ Ordinary Income (%)	Operating Margin (%)
Year ended January 31, 2009	142.75	-	12.1	11.3	8.0
Year ended January 31, 2008	73.90	73.82	6.4	8.7	6.5

[Reference] Equity in earnings of affiliates: ¥63 million for the year ended January 31, 2009; ¥77 million for the year ended January 31, 2008

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets Per Share (¥)
January 31, 2009	38,407	24,324	62.3	1,195.45
January 31, 2008	37,441	23,831	62.4	1,173.88

Reference: Equity: ¥23,928 million (January 31, 2009); ¥23,369 million (January 31, 2008)

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows From Investing Activities	Cash flows From Financing Activities	Cash and Cash Equivalents at Year-End
Year ended January 31, 2009	4,206	(1,279)	(110)	5,972
Year ended January 31, 2008	3,707	(2,443)	(172)	3,775

2. Cash Dividends

	Cash Dividends per Share (¥)					Total Dividends Paid (full year) (¥ mil)	Consolidated Payout Ratio (cons.) (%)	Dividends on Consolidated Net Assets (cons.)
	1Q	2Q	3Q	Year-end	Full-year			
Year ended January 31, 2008	-	13.00	-	15.00	28.00	557	37.9	2.4
Year ended January 31, 2009	-	23.00	-	32.00	55.00	1,100	38.5	4.6
Year ending January 31, 2010 (Forecast)	-	32.00	-	32.00	64.00	-	42.7	-

3. Forecast for the Year Ending January 2010

(¥ millions, rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (¥)
Year ending July 31, 2009 (% figures denote year-on-year change)	26,700	0.1%	1,650	(22.1) %	1,600	(24.0) %	1,000	(26.7) %	49.96
Year ending January 31, 2010 (% indicates changes from the corresponding previous term)	56,000	5.5%	4,400	3.1%	4,350	1.3%	3,000	5.1%	149.88

4. Other

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

(2) Changes in accounting policies, procedures and methods of presentation for preparing consolidated financial statements (changes in major items pertaining to preparation of consolidated financial statements):

(a) Changes in accounting standards: None

(b) Other changes: None

(3) Share issues and outstanding at end of period (common stock):

(a) Shares outstanding (including treasury stock): 20,275,581 (January 2009); 20,275,581 (January 2008)

(b) Treasury stock: 259,777 (January 2009); 368,194 (January 2008)

[Reference] Non-Consolidated Financial Results

1. Non-Consolidated Financial Results (February 1, 2008–January 31, 2009)

(1) Performance

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year ended January 31, 2009	31,439	2.1%	525	33.0%	1,307	24.3%	949	219.4%
Year ended January 31, 2008	30,785	0.3%	395	(16.8)%	1,051	24.7%	297	(67.6)%

	Net Income per Share (¥)	Diluted Net Income Per Share (¥)
Year ended January 31, 2009	47.49	-
Year ended January 31, 2008	14.93	14.92

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets Per Share (¥)
January 31, 2009	28,028	18,877	67.4	943.11
January 31, 2008	27,258	18,487	67.8	928.66

Reference: Equity: ¥18,877 million (January 31, 2009); ¥18,487 million (January 31, 2008)

2. Forecast for the Year Ending January 2010

(¥ millions, rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
Year ending July 31, 2009 (% figures denote year-on-year change)	16,390	2.3	260	(34.9)	950	(13.7)	800	(13.0)	39.96
Year ending January 31, 2010 (% indicates changes from the corresponding previous term)	33,100	5.3	630	19.8	1,650	26.2	1,400	47.4	69.94

Disclaimer regarding appropriate use of performance forecasts and other important matters

The above forecasts are based on information available at the time of publication and assumptions made at the time of publication related to uncertainties that may affect the Company's future business performance. For various reasons, actual results may differ significantly from the above forecasts.

1. Performance

(1) Performance Analysis

1) Performance Overview

In the fiscal year under review, the Japanese economy faced a difficult situation due to a number of factors. These included global financial instability and prolonged economic retreat sparked by the subprime loan crisis in the United States. In addition, the first half of the year saw surging prices of raw materials due to high prices of crude oil, while the second half brought a sudden appreciation of the yen, leading to significant declines in corporate earnings. Consumer sentiment also began to cool amid an increasingly severe recruiting environment.

The domestic baby and child care products category represents the Pigeon Group's main field of involvement. According to estimates announced by Japan's Ministry of Health, Labor and Welfare, both childbirths and marriages increased year-on-year in 2008. However, business conditions remain difficult, with sustainable turnaround nowhere in sight. Furthermore, the global economy is growing more and more severe as the world financial crisis deepens.

Facing these challenges, the Pigeon Group pursued a number of initiatives. In the baby and child care segment, in Japan we sought to strengthen our strategy formulation and implementation capabilities and boost our market responsiveness. We also strengthened our organization by integrating two divisions—the Marketing Division, responsible or planning and formulation strategies, and the Sales Division, which implements those strategies—to form an new entity called the Domestic Baby and Mother Business Division. Overseas, we worked to fortify and entrench brand loyalty while actively expanding our business with an emphasis on East Asia, centering on China, and North America. In the healthcare segment, we worked to increase recognition of the new Recoup brand of anti-aging products, launched in the previous fiscal year. We also solidified our foundation for further business advancement.

2) Segment Review

Baby and Child Care

Sales in this segment amounted to ¥42,663 million, up 8.5% year-on-year. Operating income grew 18.5%, to ¥6,611 million. This segment consists of three categories: Domestic Baby and Child Care Products, Overseas Business, and Child-Rearing Support Services.

Domestic Baby and Child Care Products: In this category, we focused on direct customer communication aimed at strengthening brand loyalty. As part of this program, we held 48 maternity events during the year, attracting nearly 4,000 participants. Meanwhile, the membership of our word-of-mouth community portal, "Pigeon Info," which supports women while pregnant, during childbirth, and when raising children, has risen steadily. At present, we have around 400,000 members, with the site receiving about 40 million "hits" per month. In addition, we focused on building a foundation for revenue growth by actively introducing original items and new products on our Pigeon Mall shopping website. On the product side, we launched a number of new offerings during the year, including a breast pad for first-time mothers—an addition to our long-popular line of breast pads—as well as gel-type toothpaste for children older than our traditional baby market. We also augmented our popular line of foam-type body soaps with a full-body soap for babies. Due to the sudden economic slowdown in the second half of the year, however, category sales failed to reach the previous year's level.

Overseas Business: For the period, we achieved healthy year-on-year sales increases in practically all regions, including China and the United States. In spite of exchange rate fluctuations, sales exceeded the previous year's level. In China, Pigeon Manufacturing (Shanghai) Co., Ltd., a consolidated subsidiary, completed construction of a new plant in Shanghai's Qingpu Industrial Zone in December 2007, in order to bolster the Group's inadequate supply system. Since then, the plant has steadily increased mass-production and shipments of skincare products, toiletries, baby bottle nipples, and other items. During the year in review, we announced plans to build a second facility in preparation for further production growth. To address our expanding business in the northern part of China, Pigeon (Shanghai) Co., Ltd., opened a Beijing branch in September 2008. In North America, we have also performed well despite concerns about the impact of economic slowdown. Meanwhile, we have been promoting activities in new markets as a key strategy for overseas business growth. In December 2008, for example, we opened a representative office in India, which has since started gathering information, expanding sales channels, and building the Pigeon brand on a full-scale basis.

Child-Rearing Support Services: In this category, we continued proactive sales initiatives, including in-company child-minding operations. During the period under review, we were newly entrusted with the operation of seven daycare facilities. We also continued holding education forums through Pigeon Heartner Open College, which provides training for child-minders. In this way, we sought to make qualitative improvements to our child-minding capabilities.

Healthcare
Sales in this segment declined 3.1%, to ¥6,422 million, and operating income grew 6.9%, to ¥163 million. We have sought to reinforce this business as a pillar of Pigeon Group operations. With respect to the *Habinurse* brand of nursing care-related products, we made good progress in integrating this brand and product lineup with those of consolidated subsidiary Pigeon Tahira Co., Ltd., fulfilling a previous strategy. We also launched new products, including a wide-type incontinence pad for long-period or night use and a new tissue-type tooth wipe. Regarding the new Recoup brand of anti-aging products unveiled in the previous year, we upgraded our line of supporters that reduce strain on the body, which have been popular since their launch. We also introduced a new mouth freshener in tablet form. Meanwhile, we have revamped our dedicated product catalog to include more products and information. In addition, we have been setting up Recoup sections in specialist retail outlets. We now have such sections in 160 locations. We also held events aimed at raising recognition of Recoup on 30 occasions. These events proved popular, attracting more than 1,000 participants.

Others
Sales from other operations totaled ¥4,005 million, up 8.6% year-on-year. Operating income grew 19.4%, to ¥595 million. Our performance in this segment is steadily improving thanks mainly to the expanding business of Pigeon Will Co., Ltd., a consolidated subsidiary that makes and sells maternity undergarments. Other factors include our upgraded lineup of nutritional supplements for women who are pregnant, ready to give birth, and raising children, as well as our launch of women's products in China.

3) Outlook
The year ending January 2010 is the second year of the Group's third medium- term management plan for the 21st century, entitled "Becoming a Global Company." Based on the plan's fundamental policies, we have formulated the following key assignments for our respective businesses, with the aim of expanding overall operations.

Baby and Child Care
Domestic Baby and Child Care Products: In this category, we see no signs of recovery in personal consumption as the economy stagnates. Nevertheless, we will swiftly adopt measures to strengthen existing businesses while nurturing new businesses and maintaining and entrenching our direct communications program. In these ways, we will hone our competitive edge in the market and energize and raise brand loyalty. We will also raise profitability by pursuing cost reductions across the board.

Overseas Business: We will prioritize allocation of managerial resources to our overseas business, which we regard as a key growth driver for the Pigeon Group. Adopting appropriate marketing strategies, we will work to strengthen and broaden brand loyalty in overseas markets while actively expanding our presence in existing markets. We will give particular attention to China, where we will further solidify our sales foundation and expand our production operations.

Child-Rearing Support Services: Here, we will upgrade our new personnel development system and broaden the scope of our services, with the aim of improving the quality of both personnel and services. At the same time, we will build an effective business operational infrastructure, steadily boost efficiency, and focus on highly profitable services to underpin growth. In the process, we will solidify our foundation for business expansion and improved profitability.

Healthcare
In this segment, we will strengthen our sales and marketing capabilities under our Group-wide business operational infrastructure. Our plan is to consolidate nursing care-related products under the *Habinurse* brand, finish streamlining our product lineup, and steadily establish effective distribution channels in order to enhance the productivity and profitability of existing businesses. Meanwhile, we will continue actively allocating managerial resources to nurture the new *Recoup* brand of anti-aging products. Initiatives here include upgrading our product lineup and expanding our network of *Recoup* sections in retail stores.

For the year ending January 31, 2010, we forecast consolidated net sales of ¥56.0 billion (up 5.5% year-on-year), operating income of ¥4.4 billion (up 3.1%), ordinary income of ¥4.35 billion (up 1.3%), and net income of ¥3.0 billion (up 5.1%).

(2) Financial Position

1) Assets

As of January 31, 2009, Pigeon had consolidated total assets of ¥38,407 million, up ¥966 million (or 2.6%) from a year earlier. Within this amount, total current assets increased ¥2,235 million (11.5%), and total fixed assets declined ¥1,268 million (7.0%).

Major factors boosting current assets were a ¥1,622 million (37.3%) jump in cash and time deposits, a ¥417 million (4.3%) rise in notes and accounts receivable, and a ¥207 million (4.7%) increase in inventories.

Main reasons for the decline in fixed assets were a ¥390 million (64.3%) fall in construction in progress, a ¥367 million (15.4%) decrease in machinery and transportation equipment, and a ¥91 million (10.0%) decline in goodwill.

2) Liabilities

Total liabilities at fiscal year-end stood at ¥14,083 million, up ¥473 million (3.5%) from a year earlier. Current liabilities decreased ¥822 million (6.8%), while long-term liabilities jumped ¥1,295 million (83.9%).

Main factors holding down current liabilities were a ¥1,040 million fall in long-term debt redeemable within one year and a ¥541 million (10.4%) decline in notes and accounts payable.

The main reason for the increase in long-term liabilities was ¥1,319 million in new long-term borrowings.

3) Net Assets

At January 31, 2009, consolidated net assets amounted to ¥24,324 million, up ¥493 million (2.1%) from a year earlier. This increase resulted mainly from a ¥2,095 million (15.6%) rise in retained earnings.

4) Cash Flows

Cash and cash equivalents at January 31, 2009, stood at ¥5,972 million, up ¥2,197 million (58.2%) from January 31, 2008. (The increase in the year under review was 100.6% higher than the increase in the previous fiscal year.)

Factors boosting cash and cash equivalents included ¥4,020 million in income before income taxes (up 43.6% year-on-year), ¥1,626 million in depreciation (up 5.1%), and ¥471 million in reversal of time deposits. Contrasting factors included a ¥1,267 million increase in trade receivable (up 370.6%), ¥1,373 million in acquisition of property, plant and equipment (down 20.0%), and ¥932 million in income taxes paid (down 18.3%).

Net cash provided by operating activities amounted to ¥4,206 million, up 13.4% from the previous year. Factors boosting operating cash flows included ¥4,020 million in income before income taxes (up 43.6% year-on-year) and ¥1,626 million in depreciation (up 5.1%). Contrasting factors included a ¥1,267 million increase in trade receivable (up 370.6%) and ¥932 million in income taxes paid (down 18.3%).

Net cash used in investing activities totaled ¥1,279 million (down 47.6%). Main factors included ¥1,373 million in acquisition of property, plant and equipment (down 20.0%). Contrasting factors included ¥471 million in reversal of time deposits.

Net cash used in financing activities was ¥110 million (down 35.7% from the previous year). This resulted primarily from ¥767 million in payment of cash dividends (up 37.8%), which outweighed a ¥506 million net increase in short- and long-term debt (up 25.2%).

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

	2007	2008	2009
Equity Ratio (%)	63.0	62.4	62.3
Equity Ratio based on Market Price (%)	116.1	90.7	118.0
Debt Repayment Term (years)	1.0	0.7	0.8
Interest Coverage Ratio (times)	54.1	91.4	56.1

Notes:
- Equity ratio: Total shareholders' equity ÷ Total assets
- Equity ratio based on market price: Market value of total stock ÷ Total assets
- Debt repayment term: Interest-bearing debt ÷ Operating cash flows
- Interest coverage ratio: Operating cash flows ÷ Interest paid

1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the stock price (closing price at the end of the term) by the number of shares outstanding at the end of the term (after deduction of treasury stock).
3. Operating cash flow figures are taken from the Cash Flows from Operating Activities section of the Consolidated Statements of Cash Flows.
4. Interest-bearing debt refers to all debt that incurs interest (listed in Consolidated Balance Sheets).
5. For interest paid, interest expenses (listed in Consolidated Statements of Cash Flows) are used.

(3) Profit Appropriation Policy

The Pigeon Group regards the return of profits to shareholders as an important management priority. Our policy is to actively return profits to shareholders through appropriation of retained earnings and other means, while reinforcing our financial position based on considerations of medium-term changes in business conditions and the Group's business strategies. In addition to strengthening our financial position, we effectively use retained earnings in a number of ways to fortify our operational base and improve future Group earnings. These include investing in new businesses and research and development, as well as investing in production facilities to raise production capacity, reduce costs, and enhance product quality.

With respect to specific goals of shareholder return, under our medium-term management plan announced in March 2008, we are targeting a consolidated total shareholder return of 50% by the year ending January 2011, the final year of the plan. To this end, we are seeking to further strengthen and upgrade measures for returning profits to all shareholders.

Based on this policy, we paid an interim cash dividend of ¥23.00 per share, and we plan to declare a year-end dividend of ¥32.00. This will bring total annual dividends to ¥55.00 per share (¥55.00 per share of common stock, up ¥27.00 from the previous year).

(4) Business Risks

The operating results of the Pigeon Group may be potentially and significantly affected by various factors that could occur in the future. The Group has identified the major risks that could affect its business development. Details are given below. Information contained within related to the future is based on the Group's judgment as of the end of the period under review.

1) Declining Birthrate
We predict that overall (quantitative) demand in the domestic market for baby and child care products, the Group's main business, will be influenced by the falling birthrate, and sales in this segment may decline as a result.

2) Overseas Business Risk
At present, the Group makes products in Thailand, China, and Indonesia, and also has business activities elsewhere in Asia, as well as in the Middle East, North America, and Europe. Risks associated with our overseas business are described below. We will hedge against such risks to the extent possible, but various unforeseen factors could potentially affect our business performance.

- Legal revisions or tightening regulations that have a negative impact on the Group
- Socioeconomic upheaval caused by terrorist acts, war, or the outbreak of infectious diseases, such as SARS and avian influenza
- Earthquakes and other natural disasters
- Unforeseen foreign exchange fluctuations

3) Climactic and Natural Disasters
The markets for baby and child care products and healthcare products, the Group's mainstay businesses, are relatively impervious to weather-related factors. However, the sudden occurrence of natural and other disasters or unprecedented accidents could cause losses in the form of damage to manufacturing and distribution facilities, forfeiture of assets, or suspension in supply of products. The Group's business results could be affected as a result.

4) Changes in Raw Materials Prices
Major raw materials used by the Group include some that are affected by the market prices of crude oil and pulp. If the prices of such materials rise, our manufacturing costs will also increase. Depending on circumstances, the Group may be unable to pass such increases onto its sales prices, thus potentially affecting its business results.

5) Problems with Manufacturing Subcontractors
The Group subcontracts part of the production of baby and child care products and healthcare products to outside manufacturers. While all due care is taken to ensure top quality, there is a risk that quality could be compromised by an unforeseen event, and the Group's business performance could be affected as a result.

6) Changes in Laws and Regulations
In the course of developing its domestic business, the Group is subject to a variety of legal regulations, including the Pharmaceutical Affairs Law, Food Sanitation Law, and Product Liability Law. If such laws and regulations are

revised, or unexpected ones introduced, the Group's business performance could be affected as a result.

7) Risks Related to the Child-Rearing Support Business
To assist families in which both parents are working, the Group offers a number of services, including operation of child-minding and daycare centers and provision of babysitter dispatch services. It also has its own Kids World chain of child-minding centers. Through these activities, the Group is entrusted with the care of numerous babies and toddlers. The Group takes every precaution to ensure maximum safety, but acknowledges the possibility that an accident could cause injury to a baby or toddler. To date, there have been no accidents or compensation claims that could affect the Group's business operations. However, there is no guarantee that such events will not occur in the future. If such an event does occur, the Group's business performance may be affected as a result.

8) Litigation Risk
As a manufacturer of products for consumers, the Group recognizes the extreme importance of being regarded as a supplier of high-quality, safe products made of reliable materials. Complaints about product reliability and safety could cause a sharp decline in revenue, which could affect the Group's business performance. Since its establishment, the Group has not been the target of large-sum compensation claims or lawsuits. In our business, however, there is a constant inherent risk of being sued, either in Japan or overseas. Therefore, the Group's business results could potentially be affected if it is subject to a compensation claim, the extent of impact being determined by the outcome of such legal action.

9) Information System Risk
The Group has in its possession personal information about numerous customers, acquired via sales promotion campaigns, the annual "Newborn Baby Commemorative Tree-Planting Campaign," and other events. To prevent loss, mistaken use, and falsification of such important information, the Group undertakes security measures for managing its systems and information. However, unforeseen events could cause our information systems to break down, stop, or undergo temporary disruption, resulting in potential loss, leakage, or falsification of personal and other internal information. Such events, which include power outages, major disasters, software and hardware defects, computer viruses, and illegal access, could have a negative impact on the Group's operating activities and potentially affect its performance and financial position.

10) Risk of Personal Information Leakage
In the course of providing products and services to consumers, the Group handles a large volume of personal information. For some time, we have sought to ensure that all employees understand the importance of protecting personal information, provide mandatory in-house education forums, and reinforce our systems for managing customer information. Due to unforeseen circumstances, however, there is a risk that personal information could be leaked to a third party, which could potentially affect the Group's business performance.

3. Management Policies

(1) Basic Policies
Based on its corporate commitment, "providing the gift of love to all," the Pigeon Group is dedicated to helping those in need—while pregnant, giving birth, and rearing children, as well as in old age. Our policy is to develop our business by delivering products and services that address the needs of these people. Fulfilling our role as a "lifestyle support company focusing on child rearing," we are leveraging the Pigeon brand and the quality of our management to build a high corporate profile that is recognized worldwide. This is our medium-term corporate vision.

(2) Performance Targets
The Pigeon Group has formulated its third medium-term management plan for the 21st century. The plan, designed to expedite Pigeon's transformation into a truly global company, covers the three-year period from February 1, 2008, to January 31, 2011.

By steadily implementing initiatives as stated in our basic medium-term policies, which are outlined in the paragraphs below, we have set the following performance targets for the fiscal year ending January 31, 2011: net sales of ¥64.0 billion, operating income of ¥5.8 billion, ordinary income of ¥5.6 billion, and net income of ¥3.8 billion. We have also adopted return on equity (ROE) as a suitable benchmark for targeting improved profitability and capital efficiency, and we hope to achieve ROE of 12% or higher by the year ending January 31, 2011.

(3) Medium-Term Management Strategies

Under our third medium-term management plan for the 21st century, we have set the following basic policies.

1) In the baby and child care products business, we will target further globalization and concentrate managerial resources in growth markets, centering on China and North America. At the same time, we will actively tap new markets.
2) In our domestic operations, we will seek to further strengthen existing businesses, particularly related to baby and child care products and nursing care products. We will also build a new business model to cover such areas as nursing care prevention products and IT sales channels.
3) To achieve growth in each of our businesses, we will promote in-depth research and product development that accurately reflect the needs of customers, in order to raise competitiveness. At the same time, we will build an infrastructure conducive to globalization of our operations.

(4) Issues to Address

The Pigeon Group continues to face an unstable operating environment, characterized by such factors as prolonged global financial instability, a depressed world economy, sharp deterioration of corporate financial results, and an uncertain employment situation. Moreover, there are no signs of recovery in births and marriages in Japan.

The year ending January 2010 is the second year of the Group's third medium-term management plan for the 21st century, entitled "Becoming a Global Company: Challenges and Independence." Guided by the plan, which is designed to expedite the Group's transformation into a global company, we will steadily implement strategies for our respective businesses, as well as functional strategies to underpin such businesses. We will also act swiftly to address changing business conditions by taking measures as circumstances require.

We will also actively invest resources into our overseas business, which we have identified as a growth sector. In the home healthcare (HHC) and nursing care products category, we will pursue a consistent marketing strategy to further strengthen our Group-wide business operational infrastructure, while assertively directing managerial resources to the new *Recoup* brand, positioned as a pillar for future growth.

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

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of January 31, 2008 and 2009

(Thousands of yen)

	At January 31, 2009		At January 31, 2008		YOY Change
	Amount	% of total	Amount	% of total	Amount
ASSETS					
I. Current Assets:					
Cash and time deposits	5,972,743		4,350,131		1,622,612
Notes and accounts receivable	10,118,834		9,701,647		417,187
Inventories	4,641,179		4,433,450		207,729
Deferred tax assets－Current	490,913		515,491		(24,578)
Receivables	233,468		271,169		(37,701)
Other current assets	228,460		188,030		40,430
Allowance for doubtful accounts	(54,731)		(64,677)		9,946
Total Current Assets	**21,630,868**	**56.3**	**19,395,242**	**51.8**	**2,235,626**
II. Fixed Assets:					
1. Tangible Fixed Assets:					
Buildings and structures	4,541,669		4,451,814		89,855
Machinery and transportation equipment	2,020,193		2,387,696		(367,503)
Tools, furniture and fixtures	649,904		666,141		(16,237)
Land	5,879,913		6,011,561		(131,648)
Construction in progress	216,681		607,433		(390,752)
Total Tangible Fixed Assets	**13,308,362**		**14,124,647**		**(816,285)**
2. Intangible Fixed Assets:					
Goodwill	816,244		907,304		(91,060)
Software	645,662		741,520		(95,858)
Other intangible fixed assets	83,046		92,492		(9,446)
Total Intangible Fixed Assets	**1,544,953**		**1,741,318**		**(196,365)**
3. Investments and Other Assets:					
Investment securities	1,268,595		1,464,667		(196,072)
Bankruptcy claims	12,980		106,502		(93,522)
Deferred tax assets	110,275		112,549		(2,274)
Insurance reserve	225,438		277,774		(52,336)
Other	311,079		307,544		3,535
Allowance for doubtful accounts	(4,577)		(89,016)		84,439
Total Investments and Other Assets	**1,923,791**		**2,180,021**		**(256,230)**
Total Fixed Assets	**16,777,107**	**43.7**	**18,045,986**	**48.2**	**(1,268,879)**
Total Assets	**38,407,976**	**100.0**	**37,441,228**	**100.0**	**966,748**

As of January 31, 2008 and 2009

(Thousands of yen)

	At January 31, 2009		At January 31, 2008		YOY Change
	Amount	% of total	Amount	% of total	Amount
LIABILITIES					
I. Current Liabilities:					
Notes and accounts payable	4,674,216		5,216,071		(541,855)
Short-term borrowings	1,819,680		1,681,160		138,520
Long-term debt redeemable within one year	—		1,040,000		(1,040,000)
Accrued account payable	2,341,708		2,212,148		129,560
Income taxes payable	426,442		373,301		53,141
Deferred tax liabilities－Current	—		2,317		(2,317)
Accrued bonuses to employees	522,731		509,169		13,562
Returned goods adjustment reserve	74,302		49,425		24,877
Other current liabilities	1,384,431		982,156		402,275
Total Current Liabilities	**11,243,512**	**29.3**	**12,065,752**	**32.3**	**(822,240)**
II. Long-Term Liabilities:					
Long-term borrowings	1,319,680		—		1,319,680
Deferred tax liabilities	850,593		886,895		(36,302)
Employees' retirement benefits	252,065		215,689		36,376
Retirement benefits for directors and corporate auditors	287,840		307,786		(19,946)
Other long-term liabilities	129,694		133,900		(4,206)
Total Long-Term Liabilities	**2,839,874**	**7.4**	**1,544,271**	**4.1**	**1,295,603**
Total Liabilities	**14,083,386**	**36.7**	**13,610,023**	**36.4**	**473,363**
NET ASSETS					
I. Shareholder's Equity:					
Capital stock	5,199,597		5,199,597	13.9	0
Additional paid-in capital	5,180,246		5,167,362	13.8	12,884
Retained earnings	15,484,915		13,389,545	35.8	2,095,370
Treasury stock	(442,935)		(624,063)	(1.7)	181,128
Total Shareholders' Equity	**25,421,824**	**66.2**	**23,132,442**	**61.8**	**2,289,382**
II. Valuation and Translation Adjustments:					
Net unrealized gains (losses) on securities	(251)	(0.0)	(5,586)	(0.0)	5,335
Foreign currency translation adjustment	(1,493,521)	(3.9)	242,186	0.6	(1,735,707)
Total Valuation and Translation Adjustments	**(1,493,773)**	**(3.9)**	**236,599**	**0.6**	**(1,730,372)**
III. Minority Interests	**396,538**	**1.0**	**462,162**	**1.2**	**(65,624)**
Total Net Assets	**24,324,589**	**63.3**	**23,831,205**	**63.6**	**493,384**
Total Liabilities, Minority Interests and Net Assets	**38,407,976**	**100.0**	**37,441,228**	**100.0**	**966,748**

(2) Consolidated Statements of Income

For the year ended January 31, 2008 and 2009

(Thousands of yen)

	Year Ended January 31, 2009		Year Ended January 31, 2008		YOY Change
	Amount	% of total	Amount	% of total	Amount
I. Net Sales	**53,092,041**	**100.0**	**49,237,702**	**100.0**	**3,854,339**
II. Cost of Sales	**32,895,735**	**62.2**	**30,568,517**	**62.1**	**2,327,218**
Gross profit	**20,196,305**	**38.0**	**18,669,184**	**37.9**	**1,527,121**
Reversal of reserve for returned products	48,481		21,000		27,481
Transfer to reserve for returned products	80,387		49,971		30,416
Adjusted gross profit	**20,164,399**	**38.0**	**18,640,213**	**37.9**	**1,524,186**
III. Selling, General and Administrative Expenses	**15,895,253**	**30.0**	**15,447,613**	**31.4**	**447,640**
Operating Income	**4,269,145**	**8.0**	**3,192,599**	**6.5**	**1,076,546**
IV. Other Income:					
Interest income	40,559		44,415		(3,856)
Dividend income	27,752		18,687		9,065
Rental income	120,422		109,316		11,106
Equity in earnings of nonconsolidated subsidiaries and affiliates	63,043		77,990		(14,947)
Other	154,773		154,062		711
Total Other Income	**406,551**	**0.8**	**404,471**	**0.8**	**2,080**
V. Other Expenses:					
Interest expense	72,911		44,221		28,690
Sales discounts	187,209		186,003		1,206
Rental income-related costs	94,381		82,956		11,425
Currency exchange loss	9,146		91,309		(82,163)
Other	18,212		15,078		3,134
Total Other Expenses	**381,861**	**0.7**	**419,568**	**0.8**	**(37,707)**
Ordinary Income	**4,293,836**	**8.1**	**3,177,502**	**6.5**	**1,116,334**
VI. Extraordinary Income:					
Gain on sales of property	5,037		1,075		3,962
Reversal of allowance for doubtful accounts	11,407		319		11,088
Benefit income from fixed assets	—		119,118		(119,118)
Total Extraordinary Income	**16,444**	**0.0**	**120,513**	**0.2**	**(104,069)**
VII. Extraordinary Loss:					
Loss on disposal of property	731		1,872		(1,141)
Loss on disposal of property	36,679		17,351		19,328
Impairment loss	—		386,644		(386,644)
Transfer to allowance for doubtful accounts	—		83,468		(83,468)
Unrealized loss on marketable securities	153,024		—		153,024
Expenses related to self-imposed product recall	94,506		—		94,506
Other	4,676		8,000		(3,324)
Total Extraordinary Loss	**289,618**	**0.5**	**497,336**	**1.0**	**(207,718)**
Income before Income Taxes	**4,020,662**	**7.6**	**2,800,678**	**5.7**	**1,219,984**
Income Taxes	1,041,541		971,795		69,746
Adjustment for Corporate Tax	(26,093)		261,622		(287,715)
Less: Minority Interest in Net Income of Consolidated Subsidiaries	150,823	0.3	96,129	0.2	54,694
Net Income	**2,854,390**	**5.4**	**1,471,131**	**3.0**	**1,383,259**

(3) Consolidated Statement of Shareholders' Equity

Previous Fiscal Year (February 1, 2007–January 31, 2008) (Thousands of yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at Jan. 31, 2007	5,199,597	5,165,498	12,475,585	(649,429)	22,191,250
Changes during period					
Distribution of earnings	—	—	(557,171)	—	(555,171)
Net income	—	—	1,471,131	—	1,471,131
Disposal of treasury stocks	—	1,864	—	27,111	28,976
Acquisition of treasury stocks	—	—	—	(1,744)	(1,744)
Changes not related to shareholders' equity (net)	—	—	—	—	—
Total changes during period	—	1,864	913,960	25,366	941,191
Balance at Jan. 31, 2008	5,199,597	5,167,362	13,389,545	(624,063)	23,132,442

(Thousands of yen)

	Valuation and exchange differences etc.			Minority Interests	Total net assets
	Profit/loss on deferred valuation of other securities	Profit/loss on deferred exchange	Total Valuation and exchange difference		
Balance at Jan. 31, 2007	34,910	226,381	261,291	541,080	22,993,623
Changes during period					
Distribution of earnings	—	—	—	—	(555,171)
Net income	—	—	—	—	1,471,131
Disposal of treasury stocks	—	—	—	—	28,976
Acquisition of treasury stocks	—	—	—	—	(1,744)
Changes not related to shareholders' equity (net)	(40,496)	15,804	(24,691)	(78,917)	(103,609)
Total changes during period	(40,496)	15,804	(24,691)	(78,917)	837,581
Balance at Jan. 31, 2008	(5,586)	242,186	236,599	462,162	23,831,205

Current Fiscal Year in Review (February 1, 2008–January 31, 2009) (Thousands of yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at Jan. 31, 2008	5,199,597	5,167,362	13,389,545	(624,063)	23,132,442
Changes during period					
Distribution of earnings	―	―	(759,019)	―	(759,019)
Net income	―	―	2,854,390	―	2,854,390
Disposal of treasury stocks	―	12,884	―	188,136	201,021
Acquisition of treasury stocks	―	―	―	(7,009)	(7,009)
Changes not related to shareholders' equity (net)	―	―	―	―	―
Total changes during period	―	12,884	2,095,370	181,127	2,289,382
Balance at Jan. 31, 2009	5,199,597	5,180,246	15,484,915	(442,935)	25,421,824

(Thousands of yen)

	Valuation and exchange differences etc.			Minority Interests	Total net assets
	Profit/loss on deferred valuation of other securities	Profit/loss on deferred exchange	Total Valuation and exchange difference		
Balance at Jan. 31, 2008	(5,586)	242,186	236,599	462,162	23,831,205
Changes during period					
Distribution of earnings	―	―	―	―	(759,019)
Net income	―	―	―	―	2,854,390
Disposal of treasury stocks	―	―	―	―	201,021
Acquisition of treasury stocks	―	―	―	―	(7,009)
Changes not related to shareholders' equity (net)	5,335	(1,735,708)	(1,730,373)	(65,624)	(1,795,997)
Total changes during period	5,335	(1,735,708)	(1,730,373)	(65,624)	493,384
Balance at Jan. 31, 2009	(251)	(1,493,521)	(1,493,773)	396,538	24,324,589

(4) Summary of Consolidated Statements of Cash Flows

For the year ended January 31, 2008 and 2009

(Thousands of yen)

	Year Ended January 31, 2009	Year Ended January 31, 2008
I. Cash Flows from Operating Activities:		
Income before income taxes	4,020,662	2,800,678
Depreciation	1,626,486	1,547,456
Impairment loss	—	386,644
Amortization of goodwill	271,663	382,833
Increase (decrease) in allowance for doubtful accounts	(87,696)	107,512
Increase (decrease) in accrued bonuses to employees	13,562	(2,409)
Increase (decrease) in employees' retirement benefits	36,376	27,095
Increase (decrease) in directors' retirement benefits	(19,945)	(24,025)
Interest and dividend income	(68,311)	(63,102)
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(63,043)	(77,990)
Interest expense	72,911	44,221
Gain on sale of fixed assets	(5,037)	(1,075)
Loss on sale of fixed assets	731	1,872
Loss on disposal of fixed assets	36,679	17,351
Loss on evaluation of marketable securities	153,024	—
Decrease (increase) in trade receivables	(1,267,670)	(269,356)
Decrease (increase) in inventories	(620,664)	(239,021)
Increase (decrease) in trade payables	(78,469)	669,088
Increase (decrease) in account payables	372,829	(108,133)
Increase (decrease) in consumption tax payable	60,104	(58,297)
Decrease (increase) in bankruptcy claims	93,522	(89,483)
Increase (decrease) in employees' accrued retirement benefits	—	(169,989)
Other	558,183	(68,166)
Subtotal	**5,105,898**	**4,813,703**
Interest and dividends received	107,432	74,821
Interest paid	(75,028)	(40,553)
Income taxes paid	(932,047)	(1,140,177)
Net Cash Provided by Operating Activities	**4,206,255**	**3,707,793**
II. Cash Flows from Investing Activities:		
Transfer to time deposits	—	(550,500)
Proceeds from reversal of time deposits	471,000	—
Acquisition of property, plant and equipment	(1,373,300)	(1,717,216)
Proceeds from sales of property, plant and equipment	11,779	40,977
Acquisition of intangible assets	(395,621)	(272,322)
Acquisition of investments in securities	(9,898)	(10,000)
Payment to life insurance fund for directors	(16,366)	(32,018)
Proceeds due to maturity/cancellation of insurance reserve	65,429	270,849
Acquisition of shares in subsidiaries	—	(175,201)
Loans advanced	(2,611)	(2,117)
Collection of loan receivables	2,286	2,465
Payment for lease deposits	(32,850)	(19,294)
Proceeds from recovery of lease deposits	25,168	15,178
Other	(24,337)	6,013
Net Cash Used in Investing Activities	**(1,279,322)**	**(2,443,187)**
III. Cash Flows from Financing Activities:		
Net increase in short-term bank loans	10,049,879	8,490,236
Repayment of short-term bank loans	(9,860,539)	(8,003,696)
Proceeds from long-term debt	1,357,360	—
Repayment of long-term debt	(1,040,000)	(81,770)
Payment of cash dividends	(767,081)	(556,690)
Payment of cash dividends to minority shareholders	(44,526)	(47,873)
Proceeds from sale of treasury stock	201,021	28,976
Acquisition of treasury stock	(7,009)	(1,744)
Net Cash Used in Financing Activities	**(110,895)**	**(172,563)**
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(618,924)**	**3,470**
V. Net Change in Cash and Cash Equivalents	**2,197,112**	**1,095,513**
VI. Cash and Cash Equivalents at Beginning of the Period	**3,775,631**	**2,680,117**
VII. Cash and Cash Equivalents at End of the Period	**5,972,743**	**3,775,631**

5. Segment Information

(1) Performance by Business Segment

Previous fiscal year (February 1, 2007–January 31, 2008)

(Thousands of yen)

	Baby and child care	Healthcare	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	39,322,476	6,226,453	3,688,772	49,237,702	-	49,237,702
(2) Intersegment sales	-	-	-	-	(-)	-
Total	39,322,476	6,226,453	3,688,772	49,237,702	(-)	49,237,702
Operating expenses	33,743,680	6,073,303	3,189,908	43,006,892	3,038,210	46,045,103
Operating income	5,578,795	153,150	498,864	6,230,810	(3,038,210)	3,192,599
Total assets	24,976,493	3,663,146	2,311,759	30,951,400	6,489,828	37,441,228
Depreciation and amortization	1,070,185	149,578	96,550	1,316,314	231,141	1,547,456
Impairment loss	-	386,644	-	386,644	-	386,644
Capital investment	2,018,245	117,235	23,590	2,159,070	130,173	2,289,243

Notes:
1. The Company's business is segmented for internal control purposes.
2. Main products/services of each segment are shown below.

Segment	Main products/services
Baby and child care	Breastfeeding and weaning products, skincare products, child-rearing support services, other
Healthcare	Nursing-care products, nursing-care support services, other
Others	Women's care products (supplements, maternity products, etc.), wet tissues, other

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

Current fiscal year in review (February 1, 2008–January 31, 2009)

(Thousands of yen)

	Baby and child care	Healthcare	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	42,663,855	6,422,349	4,005,836	53,092,041	-	53,092,041
(2) Intersegment sales	-	-	-	-	(-)	-
Total	42,663,855	6,422,349	4,005,836	53,092,041	(-)	53,092,041
Operating expenses	36,052,039	6,258,679	3,410,299	45,721,018	3,101,877	48,822,895
Operating income	6,611,815	163,669	595,537	7,371,023	(3,101,877)	4,269,145
Total assets	25,263,339	3,830,945	2,366,160	31,460,445	6,947,530	38,407,976
Depreciation and amortization	1,124,987	168,608	92,508	1,386,105	240,381	1,626,486
Capital investment	1,313,182	48,982	43,367	1,405,531	143,073	1,548,605

Notes:
1. The Company's business is segmented for internal control purposes.
2. Main products/services of each segment are shown below.

Segment	Main products/services
Baby and child care	Breastfeeding and weaning products, skincare products, child-rearing support services, other
Healthcare	Nursing-care products, nursing-care support services, other
Others	Women's care products (supplements, maternity products, etc.), wet tissues, other

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

(2) Performance by Geographic Region

Previous fiscal year (February 1, 2007–January 31, 2008)

(Thousands of yen)

	Japan	East Asia	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	37,800,500	7,153,305	4,283,896	49,237,702	-	49,237,702
(2) Intersegment sales	974,821	2,621,770	-	3,596,591	(3,596,591)	-
Total	38,775,322	9,775,075	4,283,896	52,834,294	(3,596,591)	49,237,702
Operating expenses	34,663,908	7,598,196	3,876,183	46,138,288	(93,185)	46,045,103
Operating income	4,111,413	2,176,879	407,713	6,696,005	(3,503,406)	3,192,599
Total assets	25,484,166	7,570,195	2,665,732	35,720,094	1,721,134	37,441,228

Notes:
1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   East Asia: Singapore, Thailand, China
   Other: United States, etc.
3. Operating expenses for the year included ¥3,038,210 thousand in expenses for noncategorized spending covered in the "Elimination or corporate" column. Such expenses were mainly related to divisions in control of consolidated administration and R&D.
4. Assets at year-end included ¥6,489,828 thousand in companywide assets covered in the "Elimination or corporate" column. Such assets consisted mainly of a foreign currency translation adjustment amount (incurred when translating financial statements of overseas consolidated subsidiaries into yen), surplus working capital of the parent company (cash and deposits), long-term investment capital (investments in securities, etc.), and administration-related assets.

Current fiscal year in review (February 1, 2008–January 31, 2009)

(Thousands of yen)

	Japan	East Asia	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	38,183,427	10,179,606	4,729,008	53,092,041	-	53,092,041
(2) Intersegment sales	1,682,443	2,593,796	-	4,276,240	(4,276,240)	-
Total	39,865,871	12,773,402	4,729,008	57,368,281	(4,276,240)	53,092,041
Operating expenses	35,555,167	10,181,509	4,223,637	49,960,315	(1,137,419)	48,822,895
Operating income	4,310,703	2,591,892	505,370	7,407,966	(3,138,820)	4,269,145
Total assets	25,758,810	8,367,134	2,358,429	36,484,373	1,923,602	38,407,976

Notes:
1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   East Asia: Singapore, Thailand, China
   Other: United States, etc.
3. Operating expenses for the year included ¥3,101,877 thousand in expenses for noncategorized spending covered in the "Elimination or corporate" column. Such expenses were mainly related to divisions in control of consolidated administration and R&D.
4. Assets at year-end included ¥6,947,530thousand in companywide assets covered in the "Elimination or corporate" column. Such assets consisted mainly of a foreign currency translation adjustment amount (incurred when translating financial statements of overseas consolidated subsidiaries into yen), surplus working capital of the parent company (cash and deposits), long-term investment capital (investments in securities, etc.), and administration-related assets.

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