Summary of Financial Results
for the Second Quarter of Fiscal Year Ending December 2019
[Japanese Standards] (Consolidated)

September 2, 2019

Name of Listed Company: Pigeon Corporation (Stock code: 7956)
Listing: First Section, Tokyo Stock Exchange
Website: www.pigeon.co.jp
Representative: Norimasa Kitazawa (President and COO)
Contact person: Tsutomu Matsunaga (Managing Officer, Business Strategy Division)/Tel: +81-3-3661-4204
Scheduled Filing Date of Quarterly Report: September 6, 2019
Scheduled Commencement Date of Dividend Payments: October 7, 2019
Preparation of Any Additional Explanatory Materials for Quarterly Financial Results: Yes
Holding of Any Briefing Session for Quarterly Financial Results: Yes (For analysts and institutional investors)

1. Consolidated Business Performance for the First Half of Fiscal Year Ending December 31, 2019 (February 1 to July 31, 2019)

(1) Consolidated Operating Results (cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
2Q ended July 31, 2019	52,519	(0.6)%	9,257	(15.1)%	9,608	(17.7)%	6,565	(19.0)%
2Q ended July 31, 2018	52,847	7.7%	10,907	17.3%	11,679	24.5%	8,109	24.9%

(Note) Comprehensive income: 2Q ended July 31, 2019 ¥6,393 million (1.4% negative)
2Q ended July 31, 2018 ¥6,483 million (0.4%)

	Net Income per Share (¥)	Diluted Net Income per Share (¥)
2Q ended July 31, 2019	54.83	−
2Q ended July 31, 2018	67.71	−

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
2Q ended July 31, 2019	88,714	68,681	74.7
FY ended January 31, 2019	85,618	66,582	75.0

(Reference) Shareholders' Equity: 2Q ended July 31, 2019 ¥62,244 million
FY ended January 31, 2019 ¥64,242 million

2. Cash Dividends

	Annual Dividend (¥)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY ended January 31, 2019	−	34.00	−	34.00	68.00
FY ending December 31, 2019	−	35.00			
FY ending December 31, 2019 (Forecast)			−	35.00	70.00

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

3. Consolidated Business Performance Forecasts for the Fiscal Year Ending December 31, 2019 (February 1, 2019 to December 31, 2019)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	106,200	―	20,000	―	20,000	―	14,300	―	119.40

(Notes) 1. Revision of forecasts from the most recent announcement: None

2. Pursuant to the approval of the "partial revision of the Articles of Incorporation" at the 62nd Ordinary General Meeting of Shareholders (fiscal year ended January 31, 2019) on April 25, 2019, the fiscal period has changed from the year ending January 31 to the year ending December 31, beginning with the 2019 fiscal year. As such, in the fiscal year ending December 31, 2019 now in progress, the consolidation period in 2019 for the subsidiaries that currently settle their accounts on January 31 shall be the 11-month period from February 1 to December 31, 2019. Subsequent consolidation periods shall be from January 1 to December 31 of each year.

For subsidiaries that currently settle their accounts on December 31, or that are doing so temporarily, the consolidation period shall continue to be the 12-month period from January 1 to December 31.

Notes

(1) Changes in major subsidiaries (or changes in specific subsidiaries that affect the scope of consolidation) during the period under review: None

New: － (Company name: －), Excluded: － (Company name: －)

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

(3) Changes in accounting policies, changes in accounting-based estimates, and restatements

1) Changes in accounting policies associated with revision of accounting standards: Yes
2) Changes in accounting policies other than the above 1): None
3) Changes in accounting-based estimates: None
4) Restatements: None

(Note) For details, please refer to "(4) Notes on Consolidated Financial Statements (Changes in Accounting Policies)" in "2. Quarterly Consolidated Financial Statements and Main Notes" on page 11 of the Appendix.

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the period-end (including treasury stock)
2Q ended July 31, 2019: 121,653,486
FY ended January 31, 2019: 121,653,486

2) Amount of treasury stock at the period-end
2Q ended July 31, 2019: 1,926,322
FY ended January 31, 2019: 1,892,704

3) Average number of shares outstanding during the period (quarter accumulation)
2Q ended July 31, 2019: 119,751,859
2Q ended July 31, 2018: 119,761,046

(Note) Amount of treasury stock at the period-end includes Company shares held by the board incentive plan (BIP) trust for compensation of directors (33,600 shares as of 2Q ended July 31, 2019). Company shares held by the BIP trust for compensation of directors are also included in the treasury stock subtracted in the calculation of the average number of shares outstanding during the period.

* Summaries of quarterly financial results are exempt from quarterly review by certified public accountants and auditing corporations.

* Cautionary Statement regarding Performance Forecasts

The forecasts and future projections stated in this report have been prepared on the basis of the information and assumption that shall be reasonable as of the date of announcement of this summary information, and the forecasts and future projections stated in this report are in no way intended as a promise of achievement as a company.

In addition, the actual results could differ significantly from forecast figures depending on a variety of factors. See the section "(3) Explanation of Consolidated Performance Forecast and Other Future Predictions" in "1. Qualitative Information Regarding the Financial Results for the Current Quarter" on page 4 regarding conditions which are preconditions for business performance forecasts and cautions for using the business performance forecast.

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

(1) Explanation of Business Performance

During the consolidated first six-month period under review, Japan's economy remained on a gradual recovery footing overall, as the employment and income environments improved and personal consumption recovered despite weaknesses focused on exports. In the global economy, uncertainty lingered as a result of continuing trade friction between China and the United States and other trends in trade issues as well as currency fluctuations and other matters.
Amid such economic circumstances, the Group developed the Sixth Medium-Term Business Plan (for the period between the fiscal year ended January 2018 and the fiscal year ending December 2019), under the slogan of "Building our dreams into the future – by creating a bridge towards the Global Number One manufacturer of baby products –," and has made efforts toward our further growth in the final year of this plan. In addition, we have set the following three basic strategies that would help us to expand the Group's business and improve its management quality.

1) Based on the Pigeon Way, create and implement all kinds of measures to achieve the goal of becoming 'an indispensable company' for the society and make our Vision "to be the baby product manufacturer most trusted by the world's babies and families, i.e. 'Global Number One'" come true.
2) A further increase in corporate value will be pursued through improvement in profitability and efficiency of the business, and maximization of cash flows. The organizational structure, management system and governance system will also be put in place and reinforced to ensure sustainable growth from a medium to long-term perspective.
3) During the three years of the Sixth Medium-Term Business Plan, invest management resources giving priority to the key products and carry out strategic investments, laying solid foundations for the double-digit growth of Pigeon Group in the future.

During the consolidated first six-month period under review, we implemented a range of strategies for each of our businesses and functions on the basis of the above business policies. As a result, net sales amounted to ¥52,519 million (down 0.6% YOY). Regarding earnings, operating income declined to ¥9,257 million (down 15.1% YOY), impacted by an increase of approximately 0.5 percentage points in the sales cost ratio from the previous term and a rise in selling, general and administrative expenses. Ordinary income was recorded at ¥9,608 million (down 17.7% YOY), and net income attributable to owners of parent fell to ¥6,565 million (down 19.0% YOY).

The main exchange rates used in the preparation of this six-month period's financial statements for the Company's overseas consolidated subsidiaries (revenues and expenses) are as follows:
・1US$: 110.05 yen (108.67 yen)
・1 CNY: 16.20 yen (17.08 yen)
Note: Figures in parentheses represent the exchange rate in the same period of the previous fiscal year.

This report consists of information from six Group reporting segments: the Domestic Baby & Mother Care Business, Child Care Service Business, Health & Elder Care Business, China Business, Singapore Business and Lansinoh Business.
Business results for each segment are as follows.

Domestic Baby & Mother Care Business
Net sales in this segment slipped to ¥17,964 million (down 2.5% YOY), against a background of a continuing softening trend in inbound demand. Segment profit dropped to ¥2,971 million (down 15.4% YOY), as net sales declined, sales cost ratio rose and selling, general and administrative expenses grew. In operational terms, in May the Group introduced the Palskip, a stroller with three

pneumatic tires providing comfortable motion with reduced weight and size and improved ease of use. In June the Group launched the Runfee Lino'n RA9L Botanical Zoo, a special-color model available at a limited group of retailers, which adopts ball bearings in the casters for smooth pushing motion and comfortable ride. Sales of the RA9L are expanding steadily. Moreover, during the period under review, we have held 16 events with 1,500 participants through our direct communications programs, such as our "Premama Class" for pregnant women and a breastfeeding seminar for healthcare professionals. On "Pigeon Info," a website that supports women during pregnancy, in childbirth, and in raising children, we are continuing to improve the content so that users can use the site in a more convenient manner.

Child Care Service Business

Net sales in this segment amounted to ¥1,920 million (down 25.1% YOY). Segment profit fell to ¥42 million (down 41.9% YOY). The main factor in business-result fluctuation in this segment was the closure of Japan's National Hospital Organization (NHO)'s childcare facility management business as of March 2018. During the consolidated first six-month period under review, we deployed services at 73 in-company child-care facilities. The Group will continue to develop this business while striving to effect qualitative improvements in the service content.

Health & Elder Care Business

Net sales of the segment amounted to ¥3,480 million (down 1.1% YOY), and segment profit decreased to ¥221 million (down 7.7% YOY). In this segment, the Group worked to circulate awareness of its products and expand sales. For example, in May the Group unveiled a special website for ProFitCare, a series launched in February with focus on maintaining the sitting posture of users of elder-care facilities, as well as a special website for the Sanitary Care Inspired by Nursing Series, a skincare product that enable users to maintain physical hygiene when they are unable to bathe. The segment continues to roll out products of superior competitive power and other initiatives to improve the quality of nursing-care services.

China Business

Net sales in this segment amounted to ¥17,672 million (up 1.8% YOY), and segment profit also increased to ¥6,291 million (up 1.7% YOY). In this segment, the Group made concerted efforts to expand operations. Sales of not only nursing bottles and nipples but also medicated skincare products (Peach Leaves) and breast pumps are growing. We will continue to strengthen our efforts focused on the e-commerce market, which is expected to continue to expand; leverage social media to invigorate direct communication with consumers; reinforce sales promotions at stores and promote distribution of new products; and continue to implement offline sales activities at hospitals and maternity clinics. In these ways we aim to broaden contact points with customers and expand our operations.

Singapore Business

Net sales in this segment reached ¥6,079 million (up 2.8% YOY). However, segment profit declined to ¥1,305 million (down 9.2% YOY), due to a sales cost increase. In ASEAN, the Middle East and India, we advanced the development and introduction of products targeted for middle-class customers in this region while continuing vigorous sales and marketing activities to endeavor to boost our brand presence in these areas.

Lansinoh Business

Net sales in this segment grew to ¥6,572 million (up 4.1% YOY). However, segment profit declined to ¥906 million (down 9.9% YOY), due to such factors as the increase in selling, general and administrative expenses. In North America, sales of breast pumps through DME Channel are growing, with strengthening and expansion in these operations expected to continue. In the China market (Lansinoh Laboratories Shanghai) and in Europe, the Group is reinforcing e-commerce, bolstering marketing activities and strengthening its brands in an effort for further expansion of operations.

Other Businesses
Net sales of the segment amounted to ¥725 million (up 15.4% YOY), while segment profit stood at ¥44 million (down 23.6% YOY).

(2) Explanation of Financial Position

(Assets)
As of July 31, 2019, our Group recorded total assets of ¥88,714 million, up ¥3,095 million from the previous consolidated fiscal year ended January 31, 2019. Both current and fixed assets increased by ¥2,440 million and ¥654 million, respectively.
Current assets increased mainly due to increases in notes and accounts receivable - trade of ¥3,437 million and in merchandise and finished goods of ¥424 million, despite a decrease in cash and deposits of ¥1,204 million.
Fixed assets increased mainly due to an increase in other tangible fixed assets of ¥384 million.

(Liabilities)
As of July 31, 2019, our Group recorded total liabilities of ¥20,032 million, up ¥996 million from the previous consolidated fiscal year ended January 31, 2019. Both current and fixed liabilities increased by ¥478 million and ¥518 million, respectively.
Current liabilities increased mainly due to increases in notes and accounts payable – trade of ¥1,056 million and in electronically recorded obligations – operating of ¥511 million.
Fixed liabilities increased mainly due to an increase in other fixed liabilities of ¥1,033 million.

(Net Assets)
As of July 31, 2019, our Group recorded total net assets of ¥68,681 million, up ¥2,098 million from the previous consolidated fiscal year ended January 31, 2019.
Net assets increased mainly due to an increase in retained earnings of ¥2,494 million, despite a decrease in foreign currency translation adjustment of ¥353 million.

(3) Explanation of Consolidated Performance Forecast and Other Future Predictions

For the Sixth Medium-Term Business Plan (for the period between the fiscal year ended January 2018 and the fiscal year ending December 2019), the Group has adopted the slogan, “Building our dreams into the future – by creating a bridge towards the Global Number One manufacturer of baby products –.”
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.
In this consolidated fiscal year, the final year of our Sixth Medium-Term Business Plan, we will strive to ensure completion of our plans.

* At the 62nd Ordinary General Meeting of Shareholders (fiscal year ended January 31, 2019), convened on April 25, 2019, Pigeon changed its fiscal year-end from January 31 to December 31.

2. Quarterly Consolidated Financial Statements and Main Notes
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	At January 31, 2019	At July 31, 2019
ASSETS		
I. Current Assets:		
Cash and deposits	30,949	29,745
Notes and accounts receivable - trade	15,004	18,442
Merchandise and finished goods	7,360	7,784
Work in process	405	420
Raw materials and supplies	2,839	2,804
Other current assets	1,840	1,637
Allowance for doubtful accounts	(197)	(192)
Total Current Assets	58,201	60,642
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures, net	6,689	7,214
Land	5,577	5,587
Other tangible fixed assets, net	8,859	9,243
Total Tangible Fixed Assets	21,127	22,045
2. Intangible Fixed Assets:		
Goodwill	1,000	915
Other intangible fixed assets	3,223	3,118
Total Intangible Fixed Assets	4,223	4,034
3. Investments and Other Assets:		
Other	2,071	1,996
Allowance for doubtful accounts	(5)	(4)
Total Investments and Other Assets	2,066	1,991
Total Fixed Assets	27,417	28,071
Total Assets	85,618	88,714
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable - trade	4,567	5,624
Electronically recorded obligations - operating	1,960	2,471
Income taxes payable	1,951	1,569
Accrued bonuses to employees	972	1,022
Provision for sales returns	32	35
Provision for loss on litigation	—	7
Other current liabilities	6,138	5,369
Total Current Liabilities	15,623	16,101
II. Fixed Liabilities:		
Net defined benefit liability	309	363
Provision for share-based remuneration	—	30
Provision for directors and corporate auditors' retirement benefits	599	—
Other fixed liabilities	2,503	3,537
Total Fixed Liabilities	3,412	3,931
Total Liabilities	19,036	20,032

(Millions of yen)

	At January 31, 2019	At July 31, 2019
NET ASSETS		
I. Shareholders' Equity:		
Capital stock	5,199	5,199
Capital surplus	5,179	5,179
Retained earnings	55,704	58,198
Treasury stock	(951)	(1,088)
Total Shareholders' Equity	65,131	67,488
II. Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	21	19
Foreign currency translation adjustment	(910)	(1,264)
Total Accumulated Other Comprehensive Income	(888)	(1,244)
III. Non-controlling Interests	2,339	2,437
Total Net Assets	66,582	68,681
Total Liabilities and Net Assets	85,618	88,714

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

Quarterly Consolidated Statement of Income

(Scope of Consolidation of Second Quarter)

(Millions of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
I. Net Sales	52,847	52,519
II. Cost of Sales	25,745	25,881
Gross profit	27,101	26,638
Reversal of provision for sales returns	29	30
Provision for sales returns	66	36
Adjusted gross profit	27,063	26,632
III. Selling, General and Administrative Expenses	16,156	17,375
Operating Income	10,907	9,257
IV. Non-operating Income:		
Interest income	131	83
Foreign exchange gains	145	―
Subsidy income	665	753
Other non-operating income	79	113
Total Non-operating Income	1,020	950
V. Non-operating Expenses:		
Interest expenses	1	8
Sales discounts	220	236
Foreign exchange losses	―	327
Other non-operating expenses	27	26
Total Non-operating Expenses	248	599
Ordinary Income	11,679	9,608
VI. Extraordinary Income:		
Gain on sales of fixed assets	5	4
Gain on sales of investment securities	108	113
Total Extraordinary Income	113	118
VII. Extraordinary Loss:		
Loss on sales of fixed assets	0	8
Loss on disposal of fixed assets	9	42
Total Extraordinary Loss	9	50
Income before Income Taxes	11,783	9,675
Income taxes - current	3,450	3,069
Income taxes - deferred	7	(93)
Total Corporate Income Tax	3,457	2,976
Net Income	8,325	6,699
Net Income Attributable to Non-controlling Interests	216	134
Net Income Attributable to Owners of Parent	8,109	6,565

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

(Millions of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
Net Income	8,325	6,699
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(1)	(2)
Foreign currency translation adjustment	(1,839)	(303)
Total Other Comprehensive Income	(1,841)	(305)
Quarterly Comprehensive Income	6,483	6,393
(Break down)		
Quarterly comprehensive income on parent company	6,368	6,210
Quarterly comprehensive income on non-controlling interests	115	183

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
I. Cash Flows from Operating Activities		
Income before Income Taxes	11,783	9,675
Depreciation	1,298	1,853
Amortization of goodwill	85	112
Increase (decrease) in allowance for doubtful accounts	(69)	(0)
Increase (decrease) in accrued bonuses to employees	(98)	20
Increase (decrease) in net defined benefit liability	16	48
Increase (decrease) in provision for directors and corporate auditors' retirement benefits	62	(599)
Interest and dividend income	(132)	(98)
Interest expenses	1	25
Loss (gain) on sales of fixed assets	(4)	3
Loss on disposal of fixed assets	9	42
Loss (gain) on sales of investment securities	(108)	(113)
Decrease (increase) in notes and accounts receivable - trade	(2,002)	(3,842)
Decrease (increase) in inventories	(1,628)	(566)
Increase (decrease) in notes and accounts payable - trade	1,071	1,755
Increase (decrease) in accounts payable	(15)	(224)
Increase (decrease) in accrued consumption taxes	(760)	(382)
Decrease (increase) in claims provable in bankruptcy/rehabilitation	―	1
Other	(1,555)	810
Subtotal	7,950	8,520
Interest and dividend income received	135	87
Interest expenses paid	(1)	(8)
Income taxes paid	(3,742)	(3,268)
Net Cash Provided by (Used in) Operating Activities	4,342	5,331
II. Cash Flows from Investing Activities		
Purchase of tangible fixed assets	(1,876)	(1,893)
Proceeds from sales of tangible fixed assets	61	35
Purchase of intangible fixed assets	(963)	(401)
Purchase of investment securities	(0)	(0)
Proceeds from sales of investment securities	204	209
Purchase of insurance funds	(0)	(0)
Proceeds from maturity of insurance funds	―	12
Payments of loans receivable	(1)	(0)
Collection of loans receivable	4	0
Payments for lease deposits	(23)	(5)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	―	(29)
Collection of lease deposits	92	4
Other	(16)	(77)
Net Cash Provided by (Used in) Investing Activities	(2,519)	(2,147)

(Millions of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
III. Cash Flows from Financing Activities		
Payment of cash dividends	(4,188)	(4,072)
Dividends paid to non-controlling interests	(68)	(86)
Purchase of treasury stock	(1)	(136)
Net Cash Provided by (Used in) Financing Activities	(4,258)	(4,295)
IV. Effect of Exchange Rate Change on Cash and Cash Equivalents	(635)	(93)
V. Net Increase (Decrease) in Cash and Cash Equivalents	(3,071)	(1,204)
VI. Cash and Cash Equivalents at Beginning of Period	31,346	30,949
VIII. Cash and Cash Equivalents at End of Period	28,275	29,745

(4) Notes on Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

(Application of IFRS 16, "Leases")

From the beginning of the consolidated first quarter of this fiscal year, the Pigeon Group applies IFRS 16, "Leases," the new lease accounting standard published by the International Accounting Standards Board (IASB). This accounting change does not apply to Pigeon Corporation and its subsidiaries in Japan, which apply Japanese accounting standards, or to Pigeon subsidiaries in the United States, which apply US accounting standards. With this accounting change, in principle lessees recognize assets and liabilities with respect to all leases.

Effects of this accounting change on the financial condition and business results of the Group are negligible.

(Additional Information)

(Application of the Partial Revision of Accounting Standards Regarding Tax-effect Accounting, etc.)

From the beginning of the consolidated first quarter of this fiscal year, the Pigeon Group applies the Partial Revision of Accounting Standards Regarding Tax-effect Accounting, etc. (Corporate Accounting Standard No. 28, February 16, 2018). Under this partial revision, Deferred Tax Assets are appropriated under Investments and Other Assets and Deferred Tax Liabilities are appropriated under Fixed Liabilities.

(BIP Trust System for Compensation of Directors)

Pursuant to a resolution of the 62nd Ordinary General Meeting of Shareholders (fiscal year ended January 31, 2019), convened on April 25, 2019, Pigeon introduced a performance share plan for directors (not including outside directors). The purpose of this system is to clarify the relationship between directors' compensation and the Group's business results and shareholder value and to enhance awareness of contributions to the improvement of the business results of the Group and the expansion of its enterprise value over the medium-to-long term.

(1) Overview of the BIP trust system for compensation of directors

This plan adopts a framework called the board incentive plan (BIP) trust for compensation of directors. Similar to systems in North America and Europe such as performance shares, which tie compensation to business results, and restricted stock, which compensates directors with shares whose transfer is restricted, the system provides directors with Company shares, or their equivalent value at conversion, tied to the director's rank and the Company's degree of attainment of business-result targets. In principle the compensation is transferred or paid to directors upon retirement.

(2) Company shares remaining in the trust

Company shares remaining in the trust are appropriated as treasury stock in net assets, based on the book value of the trust (not including the amounts of incidental expenses). The book value of the treasury stock in question as of the end of the second quarter of the fiscal year under review is ¥136 million and the number of shares is 33,600 shares.

(Segment Information)

Six months ended July 31, 2018

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

(Millions of yen)

	Reporting Segment							Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount Accounted on Quarterly Consolidated Statement of Income (Note 3)
	Domestic Baby & Mother Care Business	Child Care Service Business	Health & Elder Care Business	China Business	Singapore Business	Lansinoh Business	Subtotal				
Net sales											
Net sales to external customers	18,428	2,563	3,519	17,289	4,100	6,316	52,218	628	52,847	—	52,847
Internal sales or exchange between segments	—	—	—	75	1,814	—	1,889	—	1,889	(1,889)	—
Total	18,428	2,563	3,519	17,364	5,915	6,316	54,108	628	54,736	(1,889)	52,847
Segment profit	3,516	74	240	6,183	1,437	1,005	12,455	57	12,513	(1,606)	10,907

(Notes)
1. The “Other Businesses” classification refers to businesses not included in the reporting segments, and consists of our Group’s manufacturing subsidiaries, but also of those manufacturing and selling products to companies outside our Group.
2. The negative amount of ¥1,606 million from adjustments in segment profit includes negative ¥20 million in elimination of intersegment transactions, and negative ¥1,626 million in non-allocable operating expenses. Non-allocable operating expenses are administrative costs of our Group.
3. Segment profits are adjusted to operating income in the quarterly consolidated statement of income.

Six months ended July 31, 2019

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

(Millions of yen)

	Reporting Segment							Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount Accounted on Quarterly Consolidated Statement of Income (Note 3)
	Domestic Baby & Mother Care Business	Child Care Service Business	Health & Elder Care Business	China Business	Singapore Business	Lansinoh Business	Subtotal				
Net sales											
Net sales to external customers	17,964	1,920	3,480	17,616	4,267	6,544	51,793	725	52,519	—	52,519
Internal sales or exchange between segments	—	—	—	55	1,811	28	1,895	—	1,895	(1,895)	—
Total	17,964	1,920	3,480	17,672	6,079	6,572	53,689	725	54,414	(1,895)	52,519
Segment profit	2,971	42	221	6,291	1,305	906	11,738	44	11,783	(2,525)	9,257

(Notes)
1. The “Other Businesses” classification refers to businesses not included in the reporting segments, and consists of our Group’s manufacturing subsidiaries, but also of those manufacturing and selling products to companies outside our Group.
2. The negative amount of ¥2,525 million from adjustments in segment profit includes negative ¥76 million in elimination of intersegment transactions, and negative ¥2,448 million in non-allocable operating expenses. Non-allocable operating expenses are administrative costs of our Group.
3. Segment profits are adjusted to operating income in the quarterly consolidated statement of income.