Summary of Consolidated Financial Results
For the Six Months Ended July 31, 2011
[Japanese Standards] (Consolidated)

September 5, 2011

Company name: Pigeon Corporation (Stock code: 7956)
Listings: First Section, Tokyo Stock Exchange
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Date of release of Business Report: September 14, 2011
Planned Commencement Date of Dividend Payment: October 11, 2011
Supplementary materials for the quarterly financial results: Yes
Investor conference for the quarterly financial results: Yes (For analysts and institutional investors)

1. Consolidated Financial Results (February 1 – July 31, 2011)
(1) Performance

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
Six Months Ended July 31, 2011	28,432	4.4%	2,087	21.7%	2,064	17.6%	1,214	10.6%
Six Months Ended July 31, 2010	27,236	3.7%	1,715	(20.4)%	1,755	(19.5)%	1,098	(16.0)%

	Net Income per Share (¥)	Diluted Net Income Per Share (¥)
Six Months Ended July 31, 2011	60.69	—
Six Months Ended July 31, 2010	54.88	—

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets Per Share (¥)
At July 31, 2011	44,207	27,270	60.5	1,336.67
At January 31, 2011	42,684	27,044	62.2	1,325.71

Reference: Equity: ¥26,752 million (At July 31, 2011); ¥26,533 million (At January 31, 2011)

2. Cash Dividends

	Annual Dividends (¥)				
	1Q	2Q	3Q	Year-end	Full-year
Year Ended January 31, 2011	—	44.00	—	44.00	88.00
Year Ending January 31, 2012	—	44.00			
Year Ending January 31, 2012 (Forecast)			—	44.00	88.00

(Note) Changes in dividend forecasts during the quarter under review: None

3. Forecast for the Year Ending January 31, 2012
(February 1, 2011 – January 31, 2012)

(¥ millions, rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (¥)
Year Ending January 31, 2012 (% figures denote year-on-year change)	61,100	7.1 %	5,000	10.0%	4,950	11.6%	3,300	12.7%	164.88

(Note) Changes in projections during the quarter under review: None

4. Other (For details, please see “Other Information” on page 6 of “Appendix.”)

(1) Changes in important subsidiaries during the period: No
(Note) Whether or not specified subsidiaries were changed resulting in the changes in scope of consolidation during the period.

(2) Application of simplified methods of accounting and specific accounting methods: Yes
(Note) Whether or not the simplified accounting methods or the accounting methods specific for producing quarterly consolidated financial statements was applied.

(3) Changes in accounting principles, processes, presentation methods, etc.
1) Changes due to revisions to accounting standards, etc.: Yes
2) Changes other than 1): Yes
(Note) Whether or not accounting principles, processes and presentation methods associated with producing of quarterly consolidated financial statements were changed. These are indicated in changes to important items that form the basis for preparation of quarterly consolidated financial statements.

(4) Number of outstanding shares (ordinary shares)
1) Number of shares outstanding at term-end (including treasury shares)
Six Months ended July 31, 2011: 20,275,581
Year ended January 31, 2011: 20,275,581
2) Number of treasury shares at term-end
Six Months ended July 31, 2011:261,468
Year ended January 31, 2011: 261,343
3) Average number of shares during the period (cumulative figure for consolidated quarterly accounting period)
Six Months ended July 31, 2011: 20,014,170
Six Months ended July 31, 2010: 20,014,613

*Indication regarding the situation of quarterly review procedures
Financial results for this second 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 was disclosed, review procedures for quarterly financial statements based on the Financial Instruments and Exchange Act had not been completed.

*Cautionary Statement Regarding Performance Forecasts
The forecasts and future projections stated in this report have been prepared on the basis of the information and assumption that shall be reasonable as of the date of announcement of this summary information, and the actual results could differ significantly from forecast figures depending on a variety of factors.
For details on the conditions that form the assumptions used for earnings forecasts, and notes on using earnings forecasts, please refer to appendix page 5, “(3) Qualitative Information Regarding Consolidated Performance Forecasts”.

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

(1) Qualitative Information Regarding Consolidated Business Results

Overview of Performance

In the second quarter under review—six months ended July 31, 2011—the Japanese economy at first showed a tendency towards recovery due to the improvement of corporate profits and the overseas economy. However, due to the large-scale and widespread damage of the infrastructure caused by the Great East Japan Earthquake on March 11, many enterprises experienced either a suspension or a sharp decline of production activities, there was a lot of confusion in the supply chain centering on the areas stricken by the disaster, and there was a severe stagnation in economic activities. Subsequently, although there was a certain negative impact of the power-saving measures conducted in the areas in which electricity is provided by Tokyo Electric Power Co., Inc. and Tohoku Electric Power Co., Inc., the situation is already on the path of gradual recovery and personal consumption has also recovered as compared to the downturn immediately after the earthquake. Due to power outages, water cutoff, and facility damage caused by this earthquake, the Group at first temporarily suspended or scaled down operations at two distribution sites in Ibaraki and the production site of its consolidated subsidiary PHP Ibaraki. Since the damage was comparatively small and limited, the ordinary operation system recovered by late March and after that the Group has by and large been conducting business as usual.

Under these circumstances, the Group made a new start in the initial year of the fourth medium-term business plan "Achieving global business success through company and individual competence," starting February 2011 and ending January 2014. The business policies in the medium-term business plan are as follows:

1) Focus on positive business development in overseas markets, aiming to further grow and expand as a global company.
2) In our domestic and international operations, we will seek to further strengthen and improve the profitability of current existing businesses as well as work to achieve solid growth in new and developing businesses.
3) Build a global business management system based on the core components of "Fostering Human Resources" and "Creating new value based on fundamental research."

The segments below have been set for this consolidated fiscal year that is the first year of the fourth medium-term business plan. In the six-month period of the second quarter of consolidated accounting, starting February 1, 2011 and ending July 31, 2011, the Group implemented activities steadily in accordance with the segments.

Domestic Baby and Mother Care Business

By establishing and extending the large merchandise business and promoting the category of women's care, the Group will improve profitability in the current fields. Furthermore, the Group will establish and extend the Mamas & Papas business to launch new business in the IT field.

Child-rearing Support Services

The Group will continue steady business development by enriching the personnel development system, extending services, and further improving child-rearing quality.

Health Care and Nursing Care Business

The Group will restructure the business operation system and take efficient measures to improve brand awareness and promote the understanding of merchandise. By cultivating priority merchandise categories, the Group will improve merchandise competitiveness and aggressively find new sales channels.

Overseas Business

The Group will target aggressive investment in proactive business as a growth driver of the Group to extend the production system and strengthen the business operation system. In China, tie-ups with the current agencies will be strengthened and new agencies will be fostered. Accompanying the launch of the new Changzhou Factory, the Group will strengthen the development system and in-house production system. In North America and Europe, the Group will extend the merchandise category centered on the mOmma brand and develop new markets.

As a result, consolidated net sales for the period amounted to ¥28,432 million, up 4.4% from the previous corresponding period. With respect to earnings, the cost of the sales ratio grew higher than in the same quarter of the previous year partially because of the new investments in plant and equipment needed to pave the way for the expansion of foreign operations, etc. Because of an increase in gross profit accompanying an income increase, however, operating income was ¥2,087 million, up 21.7%, and ordinary income was ¥2,064 million, up 17.6% from the previous corresponding period. Net income for the period was ¥1,214 million, up 10.6% from the previous corresponding period as ¥130 million was accounted as extraordinary loss mainly for repairing facilities and discarding merchandise damaged by the Great East Japan Earthquake.

The business report segments are "Domestic Baby and Mother Care Business," "Child-rearing Support Services," "Health Care and Nursing Care Business," and "Overseas Business." Each segment is outlined below. In accordance with "Accounting Standards Regarding the Disclosure of Segment Information etc.," the segments have been changed from "Baby and Child Care segment", "Healthcare segment", and "Other segment") to the above, starting from this consolidated fiscal year. In the outline for each segment, descriptions on comparisons with the same quarter of the previous year provide figures calculated by replacing performance in the same quarter of the previous year.

Domestic Baby and Mother Care Business

Sales in this segment amounted to ¥12,142 million, up 2.0% from the same quarter of the previous year. Since the increase in gross profit resulting from the increase of income surpassed the increase in the selling expenses that have been required for the active marketing activities accompanying sales of new products, expansion in the new business areas, etc., segment income amounted to ¥1,805 million (up 4.7% from the corresponding period of last year). In terms of new products, the Group marketed "MOGUTTOYASAI" as single-meal retort-pouched baby foods all enriched with vegetables, "Body Massage Cream" and "Body HIKISHIME Gel" containing hyaluronic acid for skin care during pregnancy and after birth, easy-to-prepare "Range de MUSHI-PAN" baby snacks by mixing milk or water, "MAGUMAGU Baby", "MAGUMAGU Spout", "SODACHI OUEN Sandal YOCHIYOCHI-ANYO/TOKOTOKO-ANYO" baby sandals for selection according to the growth of your baby in February, and the "MUSHI-KURURIN OHEYANIOKU Type" insect repellent using natural ingredients in March, and in June newly released an infant seat "SALVAJE " which can be used for children starting right from birth and that offer high safety and amenity.

Regarding the maternity events we are committed to as part of our direct communications program aimed at strengthening brand loyalty, although under the influence of the Great East Japan Earthquake we canceled a part of them, in the cumulative consolidated quarterly accounting period we have held 12 such events, during which a total of about 500 people who are pregnant have participated. Another new venture was to hold "First Steps in Preparing for Pregnancy" class targeting those beginning preparations for pregnancy. We made good progress in attracting new members to “Pigeon Info”—a word-of-mouth community portal that supports women during pregnancy, in childbirth, and when raising children. In the Internet and home shopping business, order reception and shipping were suspended temporarily under the influence of the Great East Japan Earthquake but returned to the ordinary sales system from April.

Child-rearing Support Services
Sales in this segment amounted to ¥2,946 million, up 9.8% from the same quarter of the previous year. Segment income was ¥59 million, down 7.8% from the same quarter of the previous year. Some facilities were temporarily closed under the influence of the Great East Japan Earthquake. In April, however, one authorized nursery school and three nursery facilities within business establishments were launched under a new contract of entrustment, and while improving the service quality, the Group is raising sales steadily.

Health Care and Nursing Care Business
Sales in this segment amounted to ¥3,303 million, up 1.2% from the same quarter of the previous year. Segment income was ¥234 million, up 649.0% from the same quarter of the previous year, as selling, general and administrative expenses were suppressed by effective and efficient marketing measures suited to the characteristics of the merchandise and sales channels greatly improving the profitability of the enterprise. As for the Habinurse brand of elder care products, the Group newly marketed the "HAGUKI NI YASASHII Brush" and "FUSSOIRI HAMIGAKI Gel" oral care series for the elderly and "YAWARARKAI KAIJO Spoon" nursing-care tableware designed for care providers and care receivers in February. Regarding the brand "Recoup" for elderly people seeking good health, the Group marketed an environmentally-friendly, easy-to-use "NUNO Type KYUSYU Pad" for attachment on regular underwear in the same month. In the future, the Group will extend business by marketing merchandise through intensive research on priority categories and implementing efficient measures.

Overseas Business
Sales in this segment amounted to ¥9,534 million, up 7.7% from the same quarter of the previous year. Selling, general and administrative expenses increased due to various measures associated with aggressive business development, but due to an increase in the amount of gross profit resulting from an increase of income and other factors, segment income was ¥1,559 million, up 4.6% from the same quarter of the previous year. In China, the distribution system has been improved and restructured to a stable level. The sale of various products including newly released ones is also progressing steadily. On the basis of local currency, net sales are greatly exceeding over the same quarter of the previous year. To strengthen the merchandise supply system, Pigeon Industries (Changzhou) Co., Ltd., located in Changzhou, Jiangsu Province started operations in January of this year. As the second production site in China, this consolidated subsidiary is working steadily, gradually expanding the quantity of output and the number of products handled. In India, a distribution system is being constructed, the sales network is being extended, and Pigeon Corner is being set up as dedicated sales floors, thanks to the activities of the consolidated subsidiary PIGEON INDIA PVT. LTD. In Malaysia, where the consolidated subsidiary PIGEON SINGAPORE PTE.LTD. acquired the shares of a local sales agency in January (company renamed to PIGEON MALAYSIA (TRADING) SDN.BHD. after stock acquisition), we are steadily going forward with our business on the basis of a newly adopted system striving to extend business while remaining especially committed to branding activities. In North America and Europe, the consolidated subsidiary LANSINOH LABORATORIES,INC. is carrying out sales activities steadily. Including the mOmma business that was acquired by the subsidiary last December, the Group will further promote business aggressively.

Others
Sales in this segment amounted to ¥505 million, down 4.4% from the same quarter of the previous year, due to a decline of OEM merchandise orders. Segment income was ¥57 million, also down 21.8% from the same quarter of the previous year.

(2) Qualitative Information Regarding Consolidated Financial Position

1) Assets
As of July 31, 2011, Pigeon had consolidated total assets of ¥44,207 million, up ¥1,522 million from a year earlier. Within this amount, total current assets increased ¥1,638 million, and total fixed assets decreased ¥115 million.

The major factors boosting current assets were a ¥741 million increase in notes and accounts receivable and a ¥879 million increase in goods and products.

The main reasons for the decline in fixed assets were depreciation and amortization of goodwill.

2) Liabilities
Total liabilities as of July 31, 2011 stood at ¥16,937 million, up ¥1,296 million from the previous fiscal year-end. Current liabilities increased ¥1,220 million, and long-term liabilities increased by ¥76 million.

Main factor boosting current liabilities was a ¥823 million increase in notes and accounts payable.

Main factor boosting long-term liabilities was a ¥52 million increase in long-term borrowings.

3) Net Assets
At July 31, 2011, consolidated net assets amounted to ¥27,270 million, up ¥226 million from January 31.

(3) Qualitative Information Regarding Consolidated Performance Forecasts
In the fourth medium-term business plan "Achieving global business success through company and individual competence," the Group aims to improve profitability in the current business fields and increase new merchandise fields and sales channels by enriching the merchandising categories for Domestic Baby and Mother Care Business in Japan, extending new business in IT home shopping, deeply cultivating priority merchandise categories in the Health Care and Nursing Care Business, and finding new sales channels. Regarding Overseas Business, the Group aims to deeply cultivate current markets and implement business expansion in China and North America by enriching merchandise categories while extending the production system and strengthening the business operation system by aggressive business investment. In India, the Middle and Near East, Korea, and South and Central America, the Group aims to promote aggressive market development. Regarding this consolidated fiscal year as the first year of the fourth medium-term business plan, the basic policies below are set. With an eye on the influence the Great East Japan Earthquake on the domestic economy and the performance of the Group, we will do our utmost to achieve the plan securely.

Basic Policies
1. To realize the objectives of our fourth medium-term business plan, we will put together strategies for each business and functional strategies that serve as the basis for such businesses into a specific enforcement plan, which we will steadily implement.
2. By effectively utilizing production facilities and capacity within the Group, we will improve our cost of sales situation and enhance profitability.
3. Seeking "Achieving global business success through company and individual competence," we will focus on nurturing human resources, while formulating medium-term strategies of each business and building organizational frameworks according to our growth potential.

The prospects of the Group throughout the term remain unchanged from the performance predictions announced on March 7, 2011.

2. Other Information

(1) Changes in important subsidiaries during the period (changes in specific subsidiaries affecting the scope of consolidation)

Not applicable.

(2) Overview of simplified accounting method or accounting methods specific to the preparation of quarterly financial statements

1) Simplified Accounting Method

- Calculation of estimated bad debt losses on general receivables
  For the end of the quarter under review, the Company has used the estimated bad debt loss ratio that was used for the end of the previous fiscal year, recognizing that no significant changes have arisen since that time.
- Valuation of inventory assets
  The value of inventories at the end of the quarter under review is calculated using a rational method, based on physical inventories at the end of the previous fiscal year, rather than physical inventories at the end of the quarter under review. The Company has reduced the book price of certain inventory assets that were clearly deemed to be declining in profitability, after estimating the net selling value of such assets.
- Method of calculating depreciation of fixed assets
  For fixed assets that are depreciated using the declining-balance method, the depreciation expense is computed by the proportional distribution of the depreciation expense for the fiscal year.
- Determining recoverability of deferred tax assets
  In judging the recoverability of deferred tax assets, the Corporation employs a method using future performance forecasts using results from the previous fiscal year, as well as tax planning, having confirmed that that no significant changes in the operating environment or temporary differences have occurred since the end of the previous fiscal year.

2) Special accounting treatment applied in preparation of quarterly financial statements

Not applicable.

(3) Changes in accounting principles, processes, presentation methods, etc., related to the preparation of quarterly consolidated financial statements

1) Changes of matters pertaining to the scope of consolidation

- Change in scope of consolidation
  From the first quarter of this consolidated accounting period, PIGEON MALAYSIA (TRADING) SDN.BHD., is included in the scope of consolidation by stock acquisition.
- Number of consolidated subsidiaries after change: 17

2) Changes of matters pertaining to accounting standards

- Application of "Accounting Standards Regarding the Equity Method" and "Temporary Treatment Regarding the Accounting of Affiliates Subject to the Equity Method"
  From the first quarter of this consolidated fiscal year, "Accounting Standards Regarding the Equity Method" (ASBJ No. 16, March 10, 2008) and "Temporary Treatment Regarding the Accounting of Affiliates Subject to the Equity Method" (Practical Solutions Report No. 24, March 10, 2008) have been applied.
  This affected ordinary income or income before income taxes and minority interests only slightly.
- Application of "Accounting Standards Regarding Asset Retirement Obligations"
  From the first quarter of this consolidated fiscal year, "Accounting Standards Regarding Asset Retirement Obligations" (ASBJ No. 18, March 31, 2008), and "Application Guidelines for Accounting Standards Regarding Asset Retirement Obligations" (ASBJ Guideline No. 21, March

31, 2008) have been applied.
This affected ordinary income or income before income taxes and minority interests only slightly.

- Application of ""Accounting Standards for Business Combinations"

From the first quarter of this consolidated fiscal year, "Accounting Standards for Business Combinations" (ASBJ No. 21, December 26, 2008), "Accounting Standards for Consolidated Financial Statements"(ASBJ No. 22, December 26, 2008), "Partial Revision of Accounting Standards Regarding Research and Development Costs" (ASBJ No. 23, December 26, 2008), "Accounting Standards for Business Divestitures" (ASBJ No. 7, December 26, 2008), "Accounting Standards Regarding the Equity Method" (ASBJ No. 16 announced on December 26, 2008), and "Application Guidelines for Accounting Standards Regarding Business Combinations and Accounting Standards Regarding Business Divestitures" (ASBJ Guideline No. 10, December 26, 2008) have been applied.

3) Changes in Description Method

(Quarterly consolidated financial statements)

- In the second quarter of this consolidated fiscal year, this has been presented by the account of "Income before minority interest" because of the "Cabinet Order for Partial Revision of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc." (Cabinet Order No. 5, March 24, 2009) based on the "Accounting Standards for Consolidated Financial Statements" (ASBJ No. 22 dated December 26, 2008)."
- Since "refund of consumption tax" which had been recorded separately for the previous second cumulative consolidated quarterly accounting period was 20/100 or less of the total amount of other income, it was decided to list it under "other" heading among other income. The amount of "refund of consumption tax" listed under "other" heading among other income of this second cumulative consolidated quarterly accounting period was ¥32,191 million.
- Since "rental income" which had been recorded separately for the previous second cumulative consolidated quarterly accounting period was 20/100 or less of the total amount of other income, it was decided to list it under "other" heading among other income. The amount of "rental income" listed under "other" heading among other income of this second cumulative consolidated quarterly accounting period was ¥16,464 million.
- Since the degree of importance of "rental income-related costs "which had been recorded separately for the previous second cumulative consolidated quarterly accounting period became low, it was decided to list it under "other" heading among other income. The amount of "rental income-related costs" listed under "other" heading among other income of this second cumulative consolidated quarterly accounting period was ¥12,973 million.

3. Quarterly Consolidated Financial Statement

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	At July 31, 2011	At January 31, 2011
ASSETS		
I. Current Assets:		
Cash and time deposit	6,895,787	6,827,706
Notes and accounts receivable	10,615,441	9,874,273
Goods and products	5,429,794	4,549,808
Goods in process	74,131	54,401
Raw material and inventory goods	1,426,357	1,194,021
Other current assets	1,482,956	1,776,585
Allowance for doubtful accounts	(122,970)	(113,948)
Total Current Assets	**25,801,498**	**24,162,848**
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures-net	5,253,398	5,350,520
Land	6,002,854	6,012,825
Other tangible fixed assets-net	4,013,787	4,045,967
Total Tangible Fixed Assets	**15,270,040**	**15,409,313**
2. Intangible Fixed Assets:		
Goodwill	585,111	599,728
Other intangible fixed assets	544,287	588,350
Total Intangible Fixed Assets	**1,129,398**	**1,188,079**
3. Investments and Other Assets:		
Other	2,083,933	2,001,729
Allowance for doubtful accounts	(77,235)	(77,222)
Total Investments and Other Assets	**2,006,697**	**1,924,506**
Total Fixed Assets	**18,406,136**	**18,521,899**
Total Assets	**44,207,634**	**42,684,748**

(Thousands of yen)

	At July 31, 2011	At January 31, 2011
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable	4,808,208	3,984,705
Short-term borrowings	2,184,760	2,258,000
Current portion of long-term loans payable	1,024,460	1,000,000
Income taxes payable	407,020	561,952
Accrued bonuses to employees	630,333	537,505
Returned goods adjustment reserve	55,028	46,084
Other current liabilities	4,338,096	3,838,892
Total Current Liabilities	**13,447,908**	**12,227,140**
II. Long-Term Liabilities:		
Long-term borrowings	1,667,382	1,615,000
Employees' retirement benefits	250,800	243,710
Retirement benefits for directors and corporate auditors	341,908	322,447
Other long-term liabilities	1,229,480	1,232,411
Total Long-Term Liabilities	**3,489,572**	**3,413,570**
Total Liabilities	**16,937,481**	**15,640,710**
NET ASSETS		
I. Shareholders' Equity:		
Capital stock	5,199,597	5,199,597
Additional paid-in capital	5,180,246	5,180,246
Retained earnings	18,785,412	18,451,368
Treasury stock	(448,006)	(447,673)
Total Shareholders' Equity	**28,717,250**	**28,383,538**
II. Valuation and Translation Adjustments:		
Net unrealized gains on securities	21,011	11,237
Foreign currency translation adjustment	(1,985,860)	(1,861,586)
Total Valuation and Translation Adjustments	**(1,964,848)**	**(1,850,348)**
III. Minority Interests	**517,752**	**510,847**
Total Net Assets	**27,270,153**	**27,044,037**
Total Liabilities, Minority Interests and Net Assets	**44,207,634**	**42,684,748**

(2) Quarterly Consolidated Statements of Income

(Thousands of yen)

	Six months ended July 31, 2010	Six months ended July 31, 2011
I. Net Sales	**27,236,867**	**28,432,872**
II. Cost of Sales	**16,068,686**	**16,871,249**
Gross profit	**11,168,180**	**11,561,622**
Reversal of reserve for returned products	62,818	46,123
Transfer to reserve for returned products	70,231	55,210
Adjusted gross profit	**11,160,767**	**11,552,535**
III. Selling, General and Administrative Expenses	**9,444,891**	**9,464,858**
Operating Income	**1,715,876**	**2,087,677**
IV. Other Income:		
Interest income	14,947	16,315
Rental income	58,733	—
Equity in earnings of non consolidated subsidiaries and affiliates	42,779	32,158
Refund of consumption tax	52,092	—
Other	68,966	125,124
Total Other Income	**237,518**	**173,598**
V. Other Expenses:		
Interest expense	25,014	33,392
Sales discounts	106,255	108,815
Rental income-related costs	34,087	—
Other	32,397	54,070
Total Other Expenses	**197,754**	**196,278**
Ordinary Income	**1,755,640**	**2,064,997**
VI. Extraordinary Income:		
Gain on sales of property	520	2,219
Reversal of allowance for doubtful accounts	—	1,856
Other	544	—
Total Extraordinary Income	**1,065**	**4,075**
VII. Extraordinary Loss:		
Loss on sales of property	433	23
Loss on disposal of property	7,192	11,948
Loss on liquidation of subsidiaries and affiliates	71,769	—
Loss on disaster	—	113,986
Other	12,949	4,692
Total Extraordinary Loss	**92,344**	**130,651**
Income before Income Taxes	**1,664,361**	**1,938,421**
Income Taxes	595,884	635,775
Adjustment for Corporate Tax	(79,152)	26,246
Total Corporate Income Tax	516,732	662,021
Income before minority interests	—	1,276,399
Less: Minority Interest in Net Income of Consolidated Subsidiaries	49,111	61,729
Net Income	**1,098,518**	**1,214,670**

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended July 31, 2010	Six months ended July 31, 2011
I. Cash Flows from Operating Activities:		
Income before income taxes	1,664,361	1,938,421
Depreciation	804,204	833,934
Amortization of goodwill	158,269	149,917
Increase (decrease) in allowance for doubtful accounts	23,333	9,227
Increase (decrease) in accrued bonuses to employees	41,868	92,698
Increase (decrease) in employees’ retirement benefits	15,014	6,825
Increase (decrease) in directors’ retirement benefits	13,512	19,461
Interest and dividend income	(16,363)	(17,642)
Equity in (gains) losses of non consolidated subsidiaries and affiliates	(42,779)	(32,158)
Interest expense	25,014	33,392
Loss (gain) on sale of fixed assets	(87)	(2,195)
Loss on disposal of fixed assets	7,192	11,948
Loss (gain) on liquidation of subsidiaries and affiliates	71,769	—
Decrease (increase) in trade receivables	(1,274,477)	(546,669)
Decrease (increase) in inventories	(779,172)	(931,130)
Increase (decrease) in trade payables	405,761	718,584
Increase (decrease) in account payable	435,327	439,669
Increase (decrease) in consumption tax payable	(1,201)	32,624
Decrease (increase) in bankruptcy claims	568	2
Other	(252,263)	(73,977)
Subtotal	**1,299,854**	**2,682,936**
Interest and dividends received	16,410	17,439
Interest paid	(25,980)	(31,054)
Income taxes paid	(843,321)	(800,111)
Net Cash Provided by Operating Activities	**446,962**	**1,869,209**
II. Cash Flows from Investing Activities:		
Acquisition of property, plant and equipment	(1,015,924)	(749,587)
Proceeds from sales of property, plant and equipment	11,215	5,533
Acquisition of intangible assets	(69,630)	(45,476)
Purchase of insurance funds	(2,680)	(2,694)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	56,475
Loans advanced	(1,534)	(1,267)
Collection of loan receivables	1,576	14,766
Payment for lease deposits	(8,929)	(18,909)
Proceeds from recovery of lease deposits	17,069	9,355
Other	(7,041)	(20,133)
Net Cash Used in Investing Activities	**(1,075,879)**	**(751,938)**
III. Cash Flows from Financing Activities:		
Proceeds from short-term debt	1,731,773	4,184,486
Repayment of short-term debt	(1,201,890)	(4,363,457)
Proceeds from long-term loans payable	—	75,320
Repayment of long-term debt	(107,040)	(13,756)
Payment of cash dividends	(639,382)	(878,995)
Payment of cash dividends to minority shareholders	(44,733)	(39,212)
Acquisition of treasury stock	(350)	(332)
Other	(2,400)	(5,708)
Net Cash Used in Financing Activities	**(264,023)**	**(1,041,655)**
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(105,152)**	**(7,534)**
V. Net Change in Cash and Cash Equivalents	**(998,092)**	**68,081**
VI. Cash and Cash Equivalents at Beginning of the Period	**6,905,541**	**6,827,706**
VII. Cash and Cash Equivalents at End of the Period	**5,907,449**	**6,895,787**

(4) Notes Regarding Going Concern Assumptions

Not applicable.

(5) Segment Information

Performance by Business Segment

Six Months Ended July 31, 2010 (¥ thousands)

	Baby and child care	Healthcare	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	22,099,925	3,247,094	1,889,846	27,236,867	—	27,236,867
(2) Intersegment sales	—	—	—	—	(—)	—
Total	22,099,925	3,247,094	1,889,846	27,236,867	(—)	27,236,867
Operating income	2,996,359	58,156	279,301	3,333,817	(1,617,941)	1,715,876

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	Elder care products, elder care services, other
Others	Women's care products (supplements, maternity products, etc.), wet tissues, other

Performance by Geographic Region

Six Months Ended July 31, 2010 (¥ thousands)

	Japan	Asia	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	19,649,201	5,129,075	2,458,590	27,236,867	—	27,236,867
(2) Inter-segment sales	1,102,835	1,178,217	—	2,281,052	(2,281,052)	—
Total	20,752,036	6,307,292	2,458,590	29,517,919	(2,281,052)	27,236,867
Operating income	2,457,160	720,397	203,235	3,380,793	(1,664,917)	1,715,876

Notes:

1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   (1) Asia: Singapore, Thailand, China, India
   (2) Other: United States, etc.
3. Geographical Segment Name Change
   In conjunction with the establishment in November 2009 of consolidated subsidiary Pigeon India Pvt. Ltd., the Group has changed the name of the "East Asia" geographical segment to "Asia."

Oversea Sales

Six Months Ended July 31, 2010 (¥ thousand)

	Asia	North America	Middle East	Other	Total
Overseas sales	5,426,862	1,957,926	672,490	768,472	8,825,751
Consolidated net sales	—	—	—	—	27,236,867
Share of overseas sales in consolidated net sales (%)	19.9	7.2	2.5	2.8	32.4

Notes:

1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   (1) Asia: China, Singapore, South Korea, etc.
   (2) North America: United States, Canada, etc.
   (3) Middle East: United Arab Emirates, etc.
   (4) Other: United Kingdom, Panama, South Africa, etc.
3. Overseas sales refer to sales in countries or regions outside of Japan reported by the Company and its consolidated subsidiaries.
4. Overseas sales Segment Name Change
   In conjunction with the establishment in November 2009 of consolidated subsidiary Pigeon India Pvt. Ltd., the Group has changed the name of the “East Asia” geographical segment to “Asia.”

Segment Information

1. Outline of Report Segments

The report segments are units of organization of the Group for which financial information is separately available and reviewed periodically by the Board of Directors to determine the distribution of managerial resources and to evaluate performance.

The Group mainly sells baby-care products separately in and outside Japan and is engaged in sales and service related to health & elder care, service related to the support of nursing, and product and other services by business activities through localized business div.

Therefore, the Group consists of segments by products and services based on business div. and by area. The report segments are four: "Domestic Baby and Mother Care Business," "Child-rearing Support Services," "Health Care and Nursing Care Business," and "Overseas Business."

The report segments of the Group are as follows:

1) Domestic Baby and Mother Care Business

In Japan, we mainly manufacture and sell baby-care products and products for women's use.

(Main products) Breastfeeding and weaning products, skincare products, wet tissues, baby foods, baby products for outside use, women's care products (supplements, maternity products), and others.

2) Child-rearing Support Services

In Japan, we provide child-rearing support services.

(Main services) Management of own or entrusted nursery facilities, management of nursery schools, provision of baby-sitting services, and others.

3) Health Care and Nursing Care Business

In Japan, we manufacture and sell healthcare products and elder care products and provide care services.

(Main products) Products for urination, skincare products, wet tissues, wheelchairs, products for care facilities, elder care services, and others.

4) Overseas Business

In the world, we mainly manufacture and sell baby-care products and products for women's use.

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

Six Months Ended July 31, 2011 (¥ thousand)

	Report Segment					Other (Note) 1	Total	Adjustments (Note) 2	Amount Accounted on Quarterly Consolidated Statements of Income (Note)3
	Domestic Baby and Mother Care Business	Child-rearing Support Services	Health Care and Nursing Care Business	Overseas Business	Sub Total				
Sales Sales to outside customers	12,142,701	2,946,049	3,303,888	9,534,841	27,927,480	505,391	28,432,872	—	28,432,872
Total	12,142,701	2,946,049	3,303,888	9,534,841	27,927,480	505,391	28,432,872	—	28,432,872
Segment income	1,805,060	59,017	234,417	1,559,834	3,658,330	57,892	3,716,222	(1,628,545)	2,087,677

Notes:
1. "Other" means a segment not in the report segments and mainly includes manufacture and sale by our production subsidiaries outside the Group.
2. Operating income adjustments are all selling costs that cannot be allocated. Main adjustments are costs in the management division and the research and development division of the Group
3. Operating income is adjusted with that in Quarterly Consolidated Statements of Income.

(Additional Information)

From the first quarter of this consolidated fiscal year, "Accounting Standards Regarding the Disclosure of Segment Information etc." (ASBJ No. 17, March 27, 2009), and "Application Guidelines for Accounting Standards Regarding the Disclosure of Segment Information, etc." (ASBJ Guideline No. 20, March 21, 2008) have been applied.

(6) Notes Regarding Substantial Changes in Shareholders' Equity

Not applicable.

(7) Important Events that Occurred after the Balance Sheet Date

(Acquisition of a company, etc. by stock purchase)

During the board meeting held on July 11, 2011, our company decided to have a consolidated subsidiary of our company, LANSINOH LABORATORIES, INC. acquire shares of HealthQuest Ltd. which sells organic and natural skin care products mainly in Europe and concluded the stock purchase contract as of July 20, 2011.

(1) Purpose of stock acquisition

The purpose is to promote expansion of the categories of the products handled and market channels.

(2) Name of the other party the shares are acquired from

All the shareholders of HealthQuest Ltd.

(3) Profile of the company being purchased

1) Trade name: HealthQuest Ltd.
2) Location: Great Britain
3) Business activity: manufacture and sales of skin care products
4) Capital: 4 £
5) Net sales: 1,110,000 £ (2010 fiscal year)
6) Working force: 5
7) Date of stock acquisition: July 20, 2011
8) Acquisition cost: 2,750,000 £
9) Equity percentage after acquisition: LANSINOH LABORATORIES, INC. 100%
10) Funds used for purchase: funds on hand

As of August 31, 2011, LANSINOH LABORATORIES, INC. absorbed HealthQuest Ltd. with the former being the surviving company.