Summary of Consolidated Financial Results
For the Year Ended January 31, 2011

March 7, 2011

Company name: Pigeon Corporation (Stock code: 7956)
Listings: First Section, Tokyo Stock Exchange
Website: www.pigeon.co.jp
Representative: Akio Okoshi (President and COO)
Contact: Tsutomu Matsunaga (Managing Officer, Corporate Planning & Administration Division)/Tel: +81-3-3661-4188
Annual General Meeting of Shareholders: April 27, 2011 Year-end dividends: Paid from April 28, 2011
Date of release of Business Report: April 28, 2011

1. Consolidated Financial Results (February 1, 2010–January 31, 2011)
(1) Performance

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

	Net Sales		**Operating Income**		**Ordinary Income**		**Net Income**	
Year ended January 31, 2011	57,061	6.8%	4,546	(1.2)%	4,435	(3.8)%	2,928	3.1%
Year ended January 31, 2010	53,431	0.6%	4,604	7.8%	4,609	7.3%	2,840	(0.5)%

	Net Income per Share (¥)	**Diluted Net Income Per Share (¥)**	**Return on Equity (%)**	**Total Assets/ Ordinary Income (%)**	**Operating Margin (%)**
Year ended January 31, 2011	146.31	–	11.2	10.8	8.0
Year ended January 31, 2010	141.89	–	11.4	11.8	8.6

Reference: Equity in earnings of affiliates: ¥48 million (January 31, 2011); ¥43 million (January 31, 2010)

(2) Financial Position

	Total Assets	**Net Assets**	**Equity Ratio (%)**	**Net Assets Per Share (¥)**
At January 31, 2011	42,684	27,044	62.2	1,325.71
At January 31, 2010	39,493	26,264	65.3	1,288.14

Reference: Equity: ¥26,533 million (At January 31, 2011); ¥25,781 million (At January 31, 2010)

(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, 2011	3,206	(3,949)	886	6,827
Year ended January 31, 2010	4,964	(2,105)	(2,018)	6,905

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, 2010	–	32.00	–	32.00	64.00	1,280	45.1	5.2
Year ended January 31, 2011	–	44.00	–	44.00	88.00	1,761	60.1	6.7
Year ending January 31, 2012 (Forecast)	–	44.00	–	44.00	88.00		53.4	

3. Forecast for the Year Ending January 2012

(¥ millions, rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (¥)
Year ending July 31, 2011 (% figures denote year-on-year change)	28,300	3.9	1,800	4.9	1,800	2.5	1,100	0.1	54.96
Year ending January 31, 2012 (% indicates changes from the corresponding previous term)	61,100	7.1	5,000	10.0	4,950	11.6	3,300	12.7	164.88

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: Yes

(b) Other changes: None

For detail, please refer to page 8.

(3) Number of outstanding shares (Ordinary shares):

(a) Number of shares outstanding (including treasury stock):

Year ended January 31, 2011: 20,275,581 shares

Year ended January 31, 2010: 20,275,581 shares

(b) Number of treasury shares at term-end

Year ended January 31, 2011: 261,343 shares

Year ended January 31, 2010: 260,934 shares

[Reference] Non-Consolidated Financial Results

1. Non-Consolidated Financial Results (February 1, 2010–January 31, 2011)

(1) Performance

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year ended January 31, 2011	34,479	8.5%	912	27.8%	2,208	21.5%	1,937	55.3%
Year ended January 31, 2010	31,774	1.1%	713	35.7%	1,817	39.0%	1,247	31.3%

	Net Income per Share (¥)	Diluted Net Income Per Share (¥)
Year ended January 31, 2011	96.79	–
Year ended January 31, 2010	62.31	–

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets Per Share (¥)
At January 31, 2011	30,574	19,266	63.0	962.64
At January 31, 2010	28,085	18,847	67.1	941.70

Reference: Equity: ¥19,266 million (At January 31, 2011); ¥18,847 million (At January 31, 2010)

Disclaimer regarding appropriate use of performance forecasts and other important matters

Please refer to page 3 for the postulate of consolidated operating forecast and others.

1. Performance

(1) Performance Analysis

1) Performance Overview

In the fiscal period under review, the Japanese economy showed some signs of recovery thanks to improved corporate earnings and a turnaround in personal consumption, as well as the benefits of economic stimulus measures by the government. However, potential risks remain that could place downward pressure on the economy, including continued moderate deflation, the sharp appreciation of the yen, and ongoing difficulties in employment conditions.

The period under review was the final year of the Pigeon Group’s third medium-term management plan, entitled “Becoming a Global Company: Challenges and Achieving global business success.” In the Baby and Child Care segment, in Japan we sought to strengthen existing businesses and nurture new ones, while raising brand loyalty via a strategy of persistent, rigorous direct communication. Overseas, we strove to expand existing markets by reinforcing and proliferating brand loyalty, while actively advancing into new markets. In the Healthcare segment, we worked to fortify our sales and marketing capabilities through a Group-wide business operational system. We paid particular attention to promoting the brand of the Recoup line of anti-aging products and securing new sales channels.

As a result, consolidated net sales for the year amounted to ¥57,061 million, up 6.8% from the previous year. Gross profit increased year-on-year thanks to the rise in domestic and overseas sales of baby and child care products, together with a decrease in the cost of sales ratio. However, there was an increase in selling, general, and administrative expenses due to higher sales and marketing costs associated with tapping new markets in our Overseas Business and launching new businesses in Japan. Accordingly, operating income declined 1.2%, to ¥4,546 million. Ordinary income fell slightly below the previous year’s level, down 3.8%, to ¥4,435 million, due to a higher foreign exchange loss stemming from the strong yen and the weak U.S. dollar. In China, we decided to dissolve two consolidated subsidiaries in the business of providing child-minding services—Pigeon Land (Shanghai) Co., Ltd. and Shanghai Changning Pigeon Land Education Training Center—following a series of inconsistent performances. This reflected our commitment to specializing in product manufacture and sales in China. We also decided to dissolve equity-method affiliate Kuraflex Ibaraki Co., Ltd., which makes non-woven fabric for use in wet tissues, following a review of our raw materials procurement structure. Together, these actions incurred ¥86 million in extraordinary losses. Net income for the year increased 3.1%, to ¥2,928 million.

2) Segment Review

The business performance in each segment is as follows

Baby and Child Care

Sales in this segment amounted to ¥46,753 million, up 8.9% year-on-year. Operating income edged up 0.3%, to ¥6,959 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

To address the diversified needs of customers, in February 2010 we included scented items in our lineup of foam-based baby skincare products, with the addition of Baby Flower Scent Full-Body Foam Soap and Baby Flower Scent Foam Shampoo. In the same month, we also unveiled UV Baby Water Milk, a skincare-type sunscreen that can be applied every day even to newborns. Based on our breastfeeding-related research over more than 50 years, in March 2010 we launched a newly improved baby bottle called Bonyu Jikkan, as well as Straw Bottle Tall, aimed at long-term use from small babies to toddlers. In August, we released Gohan de Gohan, a baby food set, for which a rice cooking method is selected corresponding to the baby’s age in months. As part of our initiatives in larger-scale products, in March we launched a baby stroller called Pixy-turn, and in October we unveiled a child seat called cuna.

In addition, we promoted our direct communications program aimed at strengthening brand loyalty. As part of this program, we held 41 maternity events during the year under review, attracting nearly 3,000 participants. Meanwhile, 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. Membership has thus been rising steadily. With respect to Mamas & Papas, a U.K. designer brand of baby products, in March 2010 we commenced full-scale sales via mail-order catalog and the Internet, and in September 2010 we issued the autumn catalog, which was followed by the winter catalog in November.

Overseas Business

Amid a moderate turnaround in the world economy, the Pigeon Group generated year-on-year sales increases in local-currency terms, centering on the core markets of China and the United States. In China, we conducted marketing activities with a focus on further strengthening the appeal of the Pigeon brand. These included holding maternity-related events, stepping up product proliferation activities in hospitals, and running television commercials. These sales activities were carried out while improving and redeveloping distribution systems to cope with the rapid business expansion. Nevertheless, we reported a year-on-year sales increase in China.

With respect to reinforcing our production facilities, consolidated subsidiary Pigeon Industries (Changzhou) Co., Ltd., located in Changzhou, Jiangsu Province, completed Phase I of its plant construction project and is making good progress towards starting full-scale operations. During the period, we also expanded our network of Pigeon Breastfeeding Advice Offices to 200 hospitals as a joint project under the Chinese government's campaign to promote breastfeeding and to increase the breastfeeding rate. This was under a joint collaboration between consolidated subsidiary Pigeon (Shanghai) Co., Ltd. and China's Ministry of Health. In the United States and Europe, consolidated subsidiary Lansinoh Laboratories, Inc. made solid progress in its sales initiatives. For example, it reinforced its lineup of breastfeeding-related products through the launch of new offerings, and also conducted proliferation activities targeting hospitals. In December 2010, Lansinoh took over business related to the mOmma brand of child care products, sold mainly in Europe, from Baby Solutions SA and Baby Solutions Italia Srl. In the future, Lansinoh will actively promote that business in the United States in order to expand its product categories and business scope. Meanwhile, Pigeon India Pvt. Ltd., a consolidated subsidiary established in Mumbai to tap new markets in India, conducted full-scale sales and marketing activities. In April 2010, for example, it launched a line of skincare products in the local market and it established Pigeon corners in retail stores.

Child-Rearing Support Services: In this category, we continued sales initiatives, including business involving in-company child-minding facilities. We were entrusted with the operation of one daycare facility in February, two in March, one in April, one in July, and one in October 2010.

Healthcare

In this segment, sales edged down 0.3% year-on-year, to ¥6,428 million, while operating income fell 46.0%, to ¥145 million.

With respect to the Recoup brand of anti-aging products, which are designed to encourage people to remain active in their twilight years, we continued advancing a range of initiatives, such as recruiting actress Yoshiko Kayama to be the brand's image character, holding events, and producing posters and dedicated catalogs. In product development, we launched various offerings. In March 2010, for example, we unveiled Walking Support Shoes SL (women's shoes specially designed for walking that are also easy to put on and remove), Super Absorption Incontinence Pads and Incontinence Underpants (cloth pads and underpants that provide peace of mind and comfort without having to use paper diapers), and Burden Reducing Supporter—Shoulder (it can be used on a daily basis like underwear). In August, we released a Jiinwari Pokopoka Gel, a gel with thermal sensing effects.

As for the Habinurse brand of nursing-care products, we launched the Mimamori Sensor Series of protective sensors designed to help staff at elderly care institutions quickly respond when patients slip or fall over and also to help staff monitor the movements of patients, and Tight Cloth Pants for Incontinence Pad for Long-time or During Nighttime (cloth pants used with an incontinence pad for a long time or during nighttime). We also improved safety and usability of Full Reclining Carry FC-120 Series (wheelchairs for nursing care). Seeking to secure new sales routes, we continued sales activities targeting mail-order catalogs and TV shopping channels. However, sales failed to reach the previous year's level, because of the delay of product recognition and product shipping to stores, especially for Recoup products.

Others

Sales in this segment declined 4.1%, to ¥3,879 million, and operating income decreased 6.1%, to ¥565 million. Regarding product development, during the year, we launched Zakutto Cookie, a snack that can be eaten every day for pregnant women who are discerning about food, nutrition, and their weight; Dental Rinse (medicated) liquid toothpaste, which was developed while focusing on the lifestyle and anxieties during the pregnancy period, and Tablet for Mama's Mouth, a tablet for alleviating the stress in the mouth during the pregnancy period. However, revenue decreased from the previous year, mainly because sales of disinfectant and sterilization products declined due to the rebound effect of increased demand in the previous year caused by the H1N1 influenza virus.

3) Outlook

The year starting January 2012 is the first year of the Pigeon Group's "fourth medium-term business plan", covering the two-year period from January 2012 to January 2014. The slogan of the plan is "Achieving global business success through company and individual competence.” We will work to fulfill the plan according to the following four basic policies that we have set for the first year of the fourth medium-term business plan.

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.

For the year starting January 2012, the Group forecasts consolidated net sales of ¥61,100 million (up 7.1% year-on-year), operating income of ¥5,000 million (up 10.0%), ordinary income of ¥4,900 million (up 11.6%), and net income of ¥3,300 million (up 12.7%).

(2) Financial Position

1) Assets

As of January 31, 2011, Pigeon had consolidated total assets of ¥42,684 million, up ¥3,191 million (or 8.1%) from a year earlier.

Within this amount, total current assets increased ¥1,890 million (8.5%), and total fixed assets rose ¥1,300 million (7.6%).

Major factors boosting current assets were a ¥1,116 million (12.7%) increase in notes and accounts receivable and a ¥290 million increase in inventory.

The main reasons for the rise in fixed assets were an increase of ¥711 million (15.3%) in property, plant, and structures and an increase of ¥383 million (17.7%) in plant installations and conveyance equipment associated with the construction of a new plant by consolidated subsidiary Pigeon Industries (Changzhou) Co., Ltd., a production base in China.

2) Liabilities

Total liabilities as of January 31, 2011 stood at ¥15,640 million, up ¥2,411 million (18.2%) from the previous fiscal year-end. Current liabilities increased ¥1,533 million (14.3%), while long-term liabilities increased by ¥878 million (34.6%).

Main factors boosting current liabilities were a ¥896 million (65.8%) increase in short-term borrowings and a ¥892 million (826.6%) increase in the current portion of long-term loans payable.

The main factor increasing long-term liabilities was a ¥615 million (61.5%) increase in long-term borrowings.

3) Net Assets

At January 31, 2011, consolidated net assets amounted to ¥27,044 million, up ¥779 million (3.0%) from a year earlier.

This increase resulted mainly from a ¥654 million (54.7%) decrease in foreign exchange adjustment accounts while there was a ¥1,407 million (8.3%) increase in retained earnings.

4) Cash Flow

As of January 31, 2011, cash and cash equivalents amounted to ¥6,827 million, down ¥77 million from a year earlier.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥3,206 million, down from ¥4,964 million of the previous year. Factors decreasing operating cash flows included a ¥1,470 million increase in trade receivables and a ¥1,444 million decrease in corporation tax payments. Contrasting factors included a ¥4,369 million increase in net income before tax adjustments and a ¥1,624 million increase in depreciation.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥3,949 million, up from ¥2,105 million of the previous year. Main factors included expenditures of ¥2,710 million in the acquisition of tangible fixed assets and ¥818 million in operation transfers.

Cash Flows from Financing Activities:

Net cash used in financing activities was ¥886 million (down from ¥2,018 million of the previous year). Decreases resulted primarily from ¥7,627 million in payment of short-term loans and ¥1,518 million in payment of cash dividends. Contrasting factors included net cash increases from income of ¥8,548 million related to short-term borrowing and income of ¥1,648 million related to long-term borrowing.

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

	FY2009	FY2010	FY2011
Equity Ratio (%)	62.3	65.3	62.2
Equity Ratio based on Market Price (%)	118.0	179.7	117.2
Debt Repayment Term (years)	0.8	0.5	1.5
Interest Coverage Ratio (times)	56.1	96.2	59.3

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 ¥44.00 per share, and we plan to declare a year-end dividend of ¥44.00. This will bring total annual dividends to ¥88.00 per share (¥88.00 per share of common stock, up ¥24.00 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 suddenly, 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) Litigation Risk

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 legal action, as well as the outcome of such action.

10) 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.

11) 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.

2. Corporate Group

The Pigeon Group (the Company and related companies) consists of Pigeon Corporation (the parent company), 16 subsidiaries, and one affiliate. The Group is engaged mainly in the manufacture, purchase, and sale of baby care, child care, and healthcare products.

The main businesses of each subsidiary, as well as its segmental positioning and relationship with the parent company, are summarized below.

Additionally, business segments are the same as categorized segments.

Baby and Child Care

The following subsidiaries manufacture baby and child care products: Pigeon Home Products Co., Ltd., PHP Hyogo Co., Ltd., PHP Ibaraki Co., Ltd., Pigeon Industries (Thailand) Co., Ltd., Thai Pigeon Co., Ltd., Pigeon Manufacturing (Shanghai) Co., Ltd., and P.T. Pigeon Indonesia (affiliate). The Company, along with four other subsidiaries—Pigeon Singapore Pte. Ltd., Pigeon (Shanghai) Co., Ltd., Lansinoh Laboratories, Inc., and Pigeon India Pvt. Ltd.—purchase and sell these products, together with other products.

The following subsidiaries are also preparing to begin manufacturing baby and child care products for the end of this fiscal year: PIGEON INDUSTRIES (CHANGZHOU)CO.,LTD. and LANSINOH LABORATORIES MEDICAL DEVICES DESIGN INDUSTRY AND COMMERCE LTD.CO.

The aforementioned manufacturing companies also independently sell some of their products.

Additionally, the parent company and its subsidiary Pigeon Hearts Corporation are engaged in the child-minding, daycare, and infant education businesses.

Healthcare

Healthcare products are manufactured by Pigeon Home Products Co., Ltd. and PHP Hyogo Co., Ltd. The parent company and Pigeon Tahira Co., Ltd. purchase and sell these products, together with other products. Another subsidiary, Pigeon Manaka Co., Ltd., provides at-home nursing care services.

Other

The parent company and PHP Ibaraki Co., Ltd. also sell general-use consumables, health foods, and other products. Another subsidiary, Pigeon Will Co., Ltd., purchases and sells products from sources unrelated to the Group.

3. Management Policies

(1) Basic Policies

Based on its corporate commitment, “providing the gift of love to all,” The 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 our 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 Group has drawn up a “Fourth Medium-Term Business Plan”(From January 2012 to January 2014.) This plan has been formulated to expedite the process of establishing our company as a truly global company.
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 2014: net sales of ¥733 billion, operating income of ¥73 billion, ordinary income of ¥73 billion, and net income of ¥44 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 14% or higher by the year ending on January 2014.

(3) Medium-Term Management Strategies

Under our Fourth medium-term management plan(January 2012-January 2014), we have set the following basic policies in order to establish ourselves as a true global company.

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 “Building Human Resources” and “Creating new value based on fundamental research.”

(4) Issues to Address

The Group continues to face an unstable operating environment, characterized by such factors as prolonged global financial instability, emerging world economies and other global trends.

The year ending on January 2012 is the final year of The Group’s fourth medium-term management plan, entitled “Becoming a Global Company.” 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.

Specifically, regarding positioning ourselves in overseas growth markets, we plan to expand on our current markets centering on China and North America and also to actively search out and expand into new previously unexplored markets. As a result of following these guidelines we plan expand our overall business operations.

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

4. Consolidated Financial Statement
(1) Consolidated Balance Sheets

(Thousands of yen)

	At January 31, 2010	At January 31, 2011
ASSETS		
I. Current Assets:		
Cash and time deposit	6,905,541	6,827,706
Notes and accounts receivable	8,757,897	9,874,273
Goods and products	4,358,658	4,549,808
Goods in process	57,058	54,401
Raw material and inventory goods	1,091,958	1,194,021
Deferred tax assets-current	624,278	800,913
Receivables	292,222	374,983
Other current assets	297,529	600,689
Allowance for doubtful accounts	(112,497)	(113,948)
Total Current Assets	**22,272,647**	**24,162,848**
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures	10,592,034	11,561,584
Accumulated depreciation	(5,953,039)	(6,211,063)
Buildings and structures-net	4,638,994	5,350,520
Machinery and transportation equipment	9,382,068	8,742,001
Accumulated depreciation and accumulated impairment loss	(7,218,184)	(6,195,039)
Machinery and transportation equipment-net	2,163,884	2,546,962
Tools, furniture and fixtures	3,919,360	4,184,549
Accumulated depreciation and accumulated impairment loss	(3,112,802)	(3,270,429)
Tools, furniture and fixtures-net	806,558	914,119
Land	5,897,038	6,012,825
Construction in progress	533,072	584,885
Total Tangible Fixed Assets	**14,039,547**	**15,409,313**
2. Intangible Fixed Assets:		
Goodwill	521,156	599,728
Software	512,204	425,625
Other intangible fixed assets	197,587	162,725
Total Intangible Fixed Assets	**1,230,947**	**1,188,079**
3. Investments and Other Assets:		
Investment securities	1,336,768	1,316,276
Bankruptcy claims	82,715	78,849
Deferred tax assets	101,781	104,922
Insurance reserve	216,557	225,011
Other	293,331	276,669
Allowance for doubtful accounts	(80,638)	(77,222)
Total Investments and Other Assets	**1,950,515**	**1,924,506**
Total Fixed Assets	**17,221,009**	**18,521,899**
Total Assets	**39,493,657**	**42,684,748**

(Thousands of yen)

	At January 31, 2010	At January 31, 2011
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable	4,311,892	3,984,705
Short-term borrowings	1,361,900	2,258,000
Long-term debt due within one year	107,920	1,000,000
Accrued account payable	2,238,379	2,687,791
Income taxes payable	682,976	561,952
Accrued bonuses to employees	531,445	537,505
Returned goods adjustment reserve	63,109	46,084
Other current liabilities	1,396,508	1,151,100
Total Current Liabilities	**10,694,132**	**12,227,140**
II. Long-Term Liabilities:		
Long-term borrowings	1,000,000	1,615,000
Deferred tax liabilities	890,961	1,103,356
Employees' retirement benefits	221,399	243,710
Retirement benefits for directors and corporate auditors	298,386	322,447
Other long-term liabilities	124,453	129,055
Total Long-Term Liabilities	**2,535,200**	**3,413,570**
Total Liabilities	**13,229,333**	**15,640,710**
NET ASSETS		
I. Shareholder's Equity:		
Capital stock	5,199,597	5,199,597
Additional paid-in capital	5,180,246	5,180,246
Retained earnings	17,044,069	18,451,368
Treasury stock	(446,523)	(447,673)
Total Shareholders' Equity	**26,977,390**	**28,383,538**
II. Valuation and Translation Adjustments:		
Net unrealized gains (losses) on securities	7,563	11,237
Foreign currency translation adjustment	(1,203,267)	(1,861,586)
Total Valuation and Translation Adjustments	**(1,195,704)**	**(1,850,348)**
III. Minority Interests	**482,638**	**510,847**
Total Net Assets	**26,264,324**	**27,044,037**
Total Liabilities, Minority Interests and Net Assets	**39,493,657**	**42,684,748**

(2) Consolidated Statements of Income

(Thousands of yen)

	Year Ended January 31, 2010	Year Ended January 31, 2011
I. Net Sales	**53,431,750**	**57,061,735**
II. Cost of Sales	**32,540,706**	**33,795,559**
Gross profit	**20,891,044**	**23,266,176**
Reversal of reserve for returned products	75,578	61,434
Transfer to reserve for returned products	63,708	46,560
Adjusted gross profit	**20,902,913**	**23,281,049**
III. Selling, General and Administrative Expenses	**16,298,803**	**18,734,173**
Operating Income	**4,604,110**	**4,546,876**
IV. Other Income:		
Interest income	26,556	29,388
Dividend income	22,666	23,506
Rental income	120,697	83,659
Equity in earnings of non consolidated subsidiaries and affiliates	43,738	48,465
Refund of consumption tax	78,132	50,690
Other	117,893	136,896
Total Other Income	**409,685**	**372,606**
V. Other Expenses:		
Interest expense	51,277	48,059
Sales discounts	212,695	224,372
Rental income-related costs	74,368	52,437
Currency exchange loss	50,737	147,431
Other	15,446	11,865
Total Other Expenses	**404,525**	**484,166**
Ordinary Income	**4,609,270**	**4,435,315**
VI. Extraordinary Income:		
Gain on sales of property	4,477	5,041
Gain on sales of investment securities	—	6,996
Reversal of allowance for doubtful accounts	268	8,229
Other	42	—
Total Extraordinary Income	**4,787**	**20,267**
VII. Extraordinary Loss:		
Loss on sales of property	3,098	522
Loss on disposal of property	27,844	10,762
Transfer to allowance for doubtful accounts	69,219	—
Bad debts loss	304,594	—
Loss on revision of retirement benefit plan	32,860	—
Loss on liquidation of subsidiaries and affiliates	—	62,306
Office transfer expenses	—	12,462
Other	11,327	150
Total Extraordinary Loss	**448,943**	**86,203**
Income before Income Taxes	**4,165,115**	**4,369,380**
Income taxes	1,299,898	1,331,238
Adjustment for corporate tax	(89,983)	21,253
Total Corporate Income Tax	**1,209,914**	**1,352,492**
Less: Minority Interest in Net Income of Consolidated Subsidiaries	**115,051**	**88,480**
Net Income	**2,840,149**	**2,928,407**

(3) Statement of Changes in Consolidated Shareholders' Equity

(Thousands of yen)

	Year Ended January 31, 2010	Year Ended January 31, 2011
Shareholders' equity		
Common stock		
Balance at the end of previous period	5,199,597	5,199,597
Changes during the period		
Total changes during the period	—	—
Balance at the end of current period	**5,199,597**	**5,199,597**
Capital surplus		
Balance at the end of previous period	5,180,246	5,180,246
Changes during the period		
Total changes during the period	—	—
Balance at the end of current period	**5,180,246**	**5,180,246**
Retained earnings		
Balance at the end of previous period	15,484,915	17,044,069
Changes during the period		
Dividends from surplus	(1,280,995)	(1,521,108)
Net income	2,840,149	2,928,407
Total changes during the period	**1,559,153**	**1,407,298**
Balance at the end of current period	**17,044,069**	**18,451,368**
Treasury stock		
Balance at the end of previous period	(442,935)	(446,523)
Changes during the period		
Acquisition of treasury stock	(3,587)	(1,150)
Total changes during the period	**(3,587)**	**(1,150)**
Balance at the end of current period	**(446,523)**	**(447,673)**
Total shareholders' equity		
Balance at the end of previous period	25,421,824	26,977,390
Changes during the period		
Dividends from surplus	(1,280,995)	(1,521,108)
Net income	2,840,149	2,928,407
Acquisition of treasury stock	(3,587)	(1,150)
Total changes during the period	**1,555,565**	**1,406,148**
Balance at the end of current period	**26,977,390**	**28,383,538**

(Thousands of yen)

	Year Ended January 31, 2010	Year Ended January 31, 2011
Valuation / translation gain (loss)		
Valuation difference on other marketable securities		
Balance at the end of previous period	(251)	7,563
Changes during the period		
Changes in items other than shareholders equity (net)	7,815	3,673
Total changes during the period	**7,815**	**3,673**
Balance at the end of current period	**7,563**	**11,237**
Foreign currency translation adjustment		
Balance at the end of previous period	(1,493,521)	(1,203,267)
Changes during the period		
Changes in items other than shareholders equity (net)	290,254	(658,318)
Total changes during the period	**290,254**	**(658,318)**
Balance at the end of current period	**(1,203,267)**	**(1,861,586)**
Total valuation / translation gain (loss)		
Balance at the end of previous period	(1,493,773)	(1,195,704)
Changes during the period		
Changes in items other than shareholders equity (net)	298,069	(654,644)
Total changes during the period	**298,069**	**(654,644)**
Balance at the end of current period	**(1,195,704)**	**(1,850,348)**
Minority interests		
Balance at the end of previous period	396,538	482,638
Changes during the period		
Changes in items other than shareholders equity (net)	86,099	28,209
Total changes during the period	**86,099**	**28,209**
Balance at the end of current period	**482,638**	**510,847**
Total net assets		
Balance at the end of previous period	24,324,589	26,264,324
Changes during the period		
Dividends from surplus	(1,280,995)	(1,521,108)
Net income	2,840,149	2,928,407
Acquisition of treasury stock	(3,587)	(1,150)
Changes in items other than shareholders equity (net)	384,168	(626,434)
Total changes during the period	**1,939,734**	**779,713**
Balance at the end of current period	**26,264,324**	**27,044,037**

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year Ended January 31, 2010	Year Ended January 31, 2011
I. Cash Flows from Operating Activities:		
Income before income taxes	4,165,115	4,369,380
Depreciation	1,496,087	1,624,263
Amortization of goodwill	314,176	316,055
Increase (decrease) in allowance for doubtful accounts	133,506	820
Increase (decrease) in accrued bonuses to employees	8,713	6,060
Increase (decrease) in employees' retirement benefits	(30,666)	22,477
Increase (decrease) in directors' retirement benefits	10,546	24,061
Interest and dividend income	(49,223)	(52,894)
Equity in (gains) losses of non consolidated subsidiaries and affiliates	(43,738)	(48,465)
Interest expense	51,277	48,059
Loss (gain) on sale of fixed assets	(1,379)	(4,519)
Loss (gain) on sales of investment securities	—	(6,996)
Loss on disposal of fixed assets	27,844	10,762
Loss (gain) on liquidation of subsidiaries and affiliates	—	62,306
Decrease (increase) in trade receivables	1,448,186	(1,470,926)
Decrease (increase) in inventories	(827,347)	(400,509)
Increase (decrease) in trade payables	(412,496)	(148,261)
Increase (decrease) in account payable	(164,854)	443,295
Increase (decrease) in consumption tax payable	(36,736)	(60,021)
Decrease (increase) in bankruptcy claims	(69,735)	3,865
Other	(37,827)	(116,790)
Subtotal	**5,981,448**	**4,622,024**
Interest and dividends received	82,401	82,256
Interest paid	(51,596)	(53,997)
Income taxes paid	(1,047,272)	(1,444,028)
Net Cash Provided by Operating Activities	**4,964,981**	**3,206,255**
II. Cash Flows from Investing Activities:		
Acquisition of property, plant and equipment	(1,801,916)	(2,710,009)
Proceeds from sales of property, plant and equipment	6,939	44,871
Acquisition of intangible assets	(307,513)	(193,405)
Acquisition of investment securities	(6,187)	(299)
Proceeds from sales of investment securities	—	18,205
Payments for transfer of business	—	(818,505)
Payment to life insurance fund for directors	(11,034)	(9,779)
Proceeds from cancellation of life insurance fund for directors	20,681	2,059
Loans advanced	(2,771)	(16,355)
Collection of loan receivables	2,663	2,941
Decrease (increase) of deposits paid	—	(290,347)
Payment for lease deposits	(27,439)	(19,806)
Proceeds from recovery of lease deposits	33,128	33,855
Other	(12,457)	7,014
Net Cash Used in Investing Activities	**(2,105,907)**	**(3,949,562)**

(Thousands of yen)

	Year Ended January 31, 2010	Year Ended January 31, 2011
III. Cash Flows from Financing Activities:		
Proceeds from short-term debt	5,406,100	8,548,560
Repayment of short-term debt	(5,867,260)	(7,627,950)
Proceeds from long-term loans payable	—	1,648,000
Repayment of long-term debt	(219,200)	(103,680)
Payment of cash dividends	(1,278,707)	(1,518,320)
Payment of cash dividends to minority shareholders	(55,474)	(49,894)
Acquisition of treasury stock	(3,587)	(1,150)
Other	—	(9,327)
Net Cash Used in Financing Activities	**(2,018,129)**	**886,237**
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	**91,854**	**(220,765)**
V. Net Change in Cash and Cash Equivalents	**932,798**	**(77,835)**
VI. Cash and Cash Equivalents at Beginning of the Period	**5,972,743**	**6,905,541**
VII. Cash and Cash Equivalents at End of the Period	**6,905,541**	**6,827,706**

6. Segment Information

(1) Performance by Business Segment

Previous fiscal year (February 1, 2009–January 31, 2010)

(Thousands of yen)

	Baby and child care	Healthcare	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	42,937,479	6,450,284	4,043,986	53,431,750	—	53,431,750
(2) Intersegment sales	—	—	—	—	(—)	—
Total	42,937,479	6,450,284	4,043,986	53,431,750	(—)	53,431,750
Operating expenses	35,997,256	6,181,086	3,442,448	45,620,792	3,206,848	48,827,640
Operating income	6,940,222	269,198	601,538	7,810,958	(3,206,848)	4,604,110
Total assets	25,031,194	4,100,286	2,291,716	31,423,196	8,070,460	39,493,657
Depreciation and amortization	1,038,273	152,108	98,880	1,289,263	206,824	1,496,087
Capital investment	2,014,165	57,699	28,006	2,099,871	71,512	2,171,384

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 (February 1, 2010–January 31, 2011)

(Thousands of yen)

	Baby and child care	Healthcare	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	46,753,646	6,428,317	3,879,771	57,061,735	—	57,061,735
(2) Intersegment sales	—	—	—	—	(—)	—
Total	46,753,646	6,428,317	3,879,771	57,061,735	(—)	57,061,735
Operating expenses	39,794,084	6,282,964	3,314,757	49,391,806	3,123,052	52,514,859
Operating income	6,959,561	145,353	565,014	7,669,928	(3,123,052)	4,546,876
Total assets	28,261,209	3,812,166	2,284,364	34,357,740	8,327,008	42,684,748
Depreciation and amortization	1,224,752	144,639	78,669	1,448,061	176,202	1,624,263
Capital investment	3,250,182	147,450	53,264	3,450,897	160,976	3,611,874

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, 2009–January 31, 2010)

(Thousands of yen)

	Japan	Asia	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	37,475,456	11,299,071	4,657,222	53,431,750	—	53,431,750
(2) Intersegment sales	2,134,437	1,979,965	—	4,114,403	(4,114,403)	—
Total	39,609,894	13,279,037	4,657,222	57,546,154	(4,114,403)	53,431,750
Operating expenses	34,808,179	10,903,939	4,230,783	49,942,902	(1,115,261)	48,827,640
Operating income	4,801,715	2,375,097	426,438	7,603,251	(2,999,141)	4,604,110
Total assets	24,596,321	10,585,347	2,255,440	37,437,108	2,056,548	39,493,657

Notes:
1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   Asia: Singapore, Thailand, China, India
   Other: United States, etc.
3. Operating expenses for the year included ¥3,206,848 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 ¥8,070,460 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.
5. 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.”

Current fiscal year (February 1, 2010–January 31, 2011)

(Thousands of yen)

	Japan	Asia	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	39,967,097	12,244,389	4,850,248	57,061,735	—	57,061,735
(2) Intersegment sales	2,481,525	2,315,461	—	4,796,987	(4,796,987)	—
Total	42,448,623	14,559,850	4,850,248	61,858,722	(4,796,987)	57,061,735
Operating expenses	37,281,028	12,633,803	4,410,644	54,325,476	(1,810,617)	52,514,859
Operating income	5,167,595	1,926,047	439,603	7,533,246	(2,986,369)	4,546,876
Total assets	26,816,311	12,125,953	2,583,159	41,525,423	1,159,324	42,684,748

Notes:
1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   Asia: Singapore, Thailand, China, India
   Other: United States, etc.
3. Operating expenses for the year included ¥3,123,052 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 ¥8,327,008 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.

(3) Oversea Sales

Previous fiscal year (February 1, 2009–January 31, 2010)

(Thousands of yen)

	Asia	North America	Middle East	Other	Total
Overseas sales	11,987,466	3,838,822	1,177,679	1,535,090	18,539,058
Consolidated net sales	—	—	—	—	53,431,750
Share of overseas sales in consolidated net sales (%)	22.4	7.2	2.2	2.9	34.7

Notes:

1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   (1) Asia: China, South Korea, Singapore, India, etc.
   (2) North America: United States, Canada, etc.
   (3) Middle East: United Arab Emirates, etc.
   (4) Other: South Africa, United Kingdom, Panama, Germany, etc.
3. Overseas sales refer to sales in countries or regions outside of Japan reported by the Company and its consolidated subsidiaries.
4. 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.”

Current fiscal year (February 1, 2010–January 31, 2011)

(Thousands of yen)

	Asia	North America	Middle East	Other	Total
Overseas sales	12,998,645	3,855,381	1,411,979	1,588,386	19,854,392
Consolidated net sales	—	—	—	—	57,061,735
Share of overseas sales in consolidated net sales (%)	22.8	6.7	2.5	2.8	34.8

Notes:

1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   (1) Asia: China, South Korea, Singapore, etc.
   (2) North America: United States, Canada, etc.
   (3) Middle East: United Arab Emirates, etc.
   (4) Other: South Africa, Germany, Panama, etc.
3. Overseas sales refer to sales in countries or regions outside of Japan reported by the Company and its consolidated subsidiaries.

(Omitted Disclosure)

Disclosure of the following items has been omitted because there is not significant necessity to disclose the items in these financial statements: lease transactions, transactions with related parties, tax effect accounting, financial products, securities, derivative transactions, retirement benefits, stock options, corporate combinations, asset retirement obligations, and rental real estate.