

Summary of Consolidated Financial Results For the Three Months Ended April 30, 2013 [Japanese Standards] (Consolidated)

June 3, 2013

Company name: Pigeon Corporation (Stock code: 7956)
Listings: First Section, Tokyo Stock Exchange
Website: www.pigeon.co.jp
Representative: Shigeru Yamashita (President and COO)
Contact: Tsutomu Matsunaga (Managing Officer, Corporate Planning & Administration Division)//Tel: +81-3-3661-4188
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Planned Commencement Date of Dividend Payment: Not yet determined
Supplementary materials for the quarterly financial results: None
Investor conference for the quarterly financial results: None

1. Consolidated Financial Results (February 1 – April 30, 2013)

(1) Performance

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Three Months Ended April 30, 2013	16,895	17.8%	1,913	35.9%	2,187	36.1%	1,328	26.4%
Three Months Ended April 30, 2012	14,345	10.0%	1,408	105.4%	1,607	119.0%	1,050	211.3%

(Note) Comprehensive income for three months ended April 30, 2013 ¥2,727 million (54.0%) Comprehensive income for three months ended April 30, 2012 ¥1,771 million (354.3%)

	Net Income per Share (¥)	Diluted Net Income Per Share (¥)
Three Months Ended April 30, 2013	66.36	—
Three Months Ended April 30, 2012	52.49	—

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
At April 30, 2013	50,275	33,624	65.4
At January 31, 2013	48,538	32,365	65.3

Reference: Equity: ¥ 32,860 million (At April 30, 2013); ¥ 31,671 million (At January 31, 2013)

2. Cash Dividends

	Annual Dividends (¥)				
	1Q	2Q	3Q	Year-end	Full-year
Year Ended January 31, 2013	—	44.00	—	71.00	115.00
Year Ending January 31, 2014	—				
Year Ending January 31, 2014 (Forecast)		61.00	—	61.00	122.00

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

3. Forecast for the Year Ending January 31, 2014 (February 1, 2013 – January 31, 2014)

(¥ millions, rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (¥)
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount
Year Ending January 31, 2014 (% figures denote year-on-year change)	73,500	12.9%	7,800	10.1%	7,800	5.6%	4,850	6.0%	242.34

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

* Notes

(1) Changes in significant subsidiaries during the period under review (Change in specific subsidiaries accompanying changes in scope of consolidation): None

(2) Adoption of special accounting methods to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, restatements

1) Changes in accounting policies pursuant to revision of accounting standards: Yes

2) Changes in accounting policies other than the above: None

3) Changes in accounting estimates: Yes

4) Restatements: None

(Note)

From this first consolidated quarter under review, the depreciation method has been changed and this change is applicable to “a case when it is difficult to distinguish between a change in an accounting policy and a change in an accounting estimate.” For further information, please refer to “(3) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements in Issues Regarding Summary (Notes) Information on page 5”.

(4) Number of outstanding shares (ordinary shares)

1) Number of shares outstanding at term-end (including treasury shares)

Three Months ended April 30, 2013: 20,275,581

Year ended January 31, 2013: 20,275,581

2) Number of treasury shares at term-end

Three Months ended April 30, 2013: 262,273

Year ended January 31, 2013: 262,109

3) Average number of shares during the period (cumulative figure for consolidated quarterly accounting period)

Three Months ended April 30, 2013: 20,013,352

Three Months ended April 30, 2012: 20,013,885

*Indication regarding the situation of quarterly review procedures

Financial results for this first quarter is not the subject of a quarterly review procedure based on the Financial Instruments and Exchange Act, and at the point in time when these financial results were disclosed, review procedures for quarterly financial statements based on the Financial Instruments and Exchange Act had not been completed.

*Cautionary Statement Regarding Performance Forecasts

The forecasts and future projections stated in this report have been prepared on the basis of the information and assumption that shall be reasonable as of the date of announcement of this summary information, and the actual results could differ significantly from forecast figures depending on a variety of factors.

For the information regarding performance forecasts, please refer to “(3) Qualitative Information Regarding Consolidated Performance Forecasts” on page 4.

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

(1) Qualitative Information Regarding Consolidated Business Results

In the economy of Japan during the consolidated period under review, we have seen the effects of the large-scale monetary easing measures conducted by the government and the Bank of Japan, thanks to which the yen has depreciated precipitously, stock quotations have also significantly increased, and thanks to these measures, although the country could not completely break away from the deflationary tendency, both the corporate earnings and the personal consumption showed strong of improvement. On the other hand, due to the financial and monetary unrest in the European countries, a slowdown of the rate of economic growth in China, as well as the increases in prices for imported materials, fuels, and agricultural products that have been occurring under the impact of the weak yen rates, there is still a risk of domestic economy entering a downward tendency.

Under these circumstances, in the final year of our fourth medium-term business plan “Achieving global business success through company and individual competence,” starting February 2011 and ending January 2014, we have defined the following key issues based on the fundamental policies of this medium-term business plan.

1) Domestic Baby and Mother Care Business

- Ensuring growth and expansion of the large-size product business by releasing new products into the markets
- Establishment of such new fields as the "Pigeon from 1 year and a half" series, and the "Female Wellness" area

2) Child-rearing Support Services

- Improvement of quality of products for nursing and raising the management efficiency of the business

3) Health Care and Nursing Care Business

- Restructure of the business operation system and improvement in profitability through promotion of sales activities centering on facility routes
- Ensuring thoroughness of implementation of the growth strategy centering on the important products group

4) Overseas Business

- Chinese market: further strengthening of the brand name through such measures as ensuring releases of products from the new business areas into the markets and increasing the number of hospitals cooperating
- The U.S. and European markets: releasing new products into the markets and developing the brands (such as mOmma)
- Market expansion: making inroads into new and growing markets of India, Malaysia, Korea, and other countries

We focused on the above issues during the consolidated period under review (February 1, 2013 to April 30, 2013).

As a result, net sales for the period amounted to ¥16,895 million, up 17.8% from the previous corresponding period, due to factors including healthy business expansion in Overseas Business centering China as well as weaker yen. As to earnings, operating income was ¥1,913 million, up 35.9% from the previous corresponding period, due to a sales cost ratio by approximately 1 point declined from the previous corresponding period: this sales cost ratio was a result of increased sales and efficient utilization of production bases accompanying business expansion. Ordinary income was ¥2,187 million, up 36.1% from the previous corresponding period, due to an increase in other income from foreign exchange gain, a result of yen moving weaker than the assumed level. Net

income was ¥1,328 million, up 26.4% from the previous corresponding period. Each significantly exceeded the previous corresponding result.

Our business reporting 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.

Domestic Baby and Mother Care Business

Partly as a result of active releases into the market of new products, net sales of the segment went up to ¥5,951 million, up 9.0% from the previous corresponding period. Segment profits were ¥785 million, down 6.1% from the previous corresponding period. This resulted from an increase in selling, general and administrative expenses due to marketing for activities including launching new products.

In this segment, we have released such products as a stroller "Mahalo" created to ensure the comfort of the baby by equipping it with Pigeon's original hug seat, six product types in the "UV baby series" making it possible to protect baby from the UV rays in three steps, namely, protecting, removing, and moistening, six product types in the "Genki UP calcium series" of baby snacks made of healthy ingredients, and also the "Bonyu Jikkan" series of Pigeon's feeding bottles offering three products with different designs enabling mothers to select the product for best fitting individual tastes. Moreover, during the consolidated period under review, we have held a number of events planned as a part of our direct communications program such as our "Premama Class" for women expecting to give birth in the near future and "Mama Class" for those who have just given birth. A total of approximately 700 women have participated. 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 those raising children.

Child-rearing Support Services

Sales in this segment amounted to ¥1,677 million, up 5.3% from previous corresponding period. The segment profits amounted to ¥23 million, which is somewhat less (down 10.3%) than the previous corresponding period, and the reason for this decrease is the increase in this quarterly settlement in the qualitative information regarding such items of the selling, general and administrative expenses as the recruitment expenses. We launched three in-house nursery facilities in April, and while improving the service quality, the Group is steadily promoting sales.

Health Care and Nursing Care Business

Sales of the segment amounted to ¥1,653 million, down 5.8% from the previous corresponding period, due to an increasingly severe market environment centering on the expendable supplies. As a result of the measures conducted to increase the efficiency of business operation, selling, general and administrative expenses decreased, and the segment profits amounted to ¥85 million, up 14.8% from the previous corresponding period. The Group will continue to focus on marketing products through intensive research on priority categories and carry out sales activities focusing on facility routes.

Overseas Business

Sales of the segment amounted to ¥7,327 million, up 39.3% from the previous corresponding period. Although the selling, general and administrative expenses increased as a result of measures conducted to actively expand the business, the segment profits amounted to ¥1,858 million, up 63.7% from the previous corresponding period. In China, in addition to measures to strengthen marketing activities and activities to spread sales promotion, continuous releases of new products into the market bore fruit, resulting in net sales far exceeding the results of the previous corresponding period. The Company also successfully expanded the scale of production at our two

production bases located in China. In India, we are continuing to actively expand sales and marketing activities with a view to establish our brand on the market. In the future we intend to strengthen the sales/distribution system further and tune up the product supply organization. In North America, we are planning on continuing our business expansion by increasing the number of categories of products offered and other measures.

Others

Sales in this segment amounted to ¥285 million, up 3.1% from the previous corresponding period, due to an increase in OEM product orders. The segment profits amounted to ¥33 million, down 10.7% from the previous corresponding period, due to an increase in the sales cost ratio.

(2) Qualitative Information Regarding Consolidated Financial Position

As of April 30, 2013, total asset amounted to ¥50,275 million, up ¥1,737 million from the previous fiscal year ended January 31, 2013. Current assets had an increase of ¥26 million, and fixed assets had an increase of ¥1,710 million.

Current assets increased mainly due to an increase in notes and accounts receivable of ¥1,134 million and goods and products of ¥1,037 million despite a decrease in cash and deposits of ¥2,734 million.

Fixed assets increased mainly due to an increase in tangible assets of ¥1,628 million.

As of April 30, 2013, total liabilities amounted to ¥16,651 million, up ¥477 million from the fiscal year ended January 31, 2013. Current liabilities had an increase of ¥285 million, and long-term liabilities had an increase of ¥192 million.

Current liabilities increased mainly due to an increase in notes and accounts payable of ¥994 million despite a decrease in short-term borrowings of ¥919 million.

As of April 30, 2013, net assets amounted to ¥33,624 million, up ¥1,259 million from the fiscal year ended January 31, 2013.

(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 existing businesses and expand new product categories and sales channels by enhancing new products for Domestic Baby and Mother Care Business in Japan, promoting new businesses, further pursuing priority product categories and establishing new sales channels in the Health Care and Nursing Care Business. In the Overseas Business, by expanding production system and reinforcing business operation structure with aggressive business investments, the Group strives to further develop the markets and expand our businesses by increasing product categories in the existing markets including China and North America. Meanwhile, the Group intends to promote aggressive market development in India, the Near/Middle East, South Korea, and Central and South America. In this consolidated fiscal year, the second year of our fourth medium-term business plan, the followings are defined as the basic policies, and we will strive to ensure completion of our plans.

Basic Policies

1. As this year is the last year of our fourth medium-term business plan, we shall reexamine the strategies for each business, the functional strategy, the progress made with the measures conducted so far and the business results achieved, and strive to find solutions to the tasks we are facing and achieve the goals set in the medium-term business plan.
2. By steadily implementing the measures and achieving the goals set in the new business plans and new product plans, we will try to connect these activities to the further growth and expansion of the group's business in the next medium-term business plan.
3. We shall concentrate on bringing up staff capable of playing an active part on the global scale,

aiming at "Independence As a Global Company," at the same time revising the organizational system and allocating managerial resources with a balanced approach, so as to enable further expansion of the Group's business centering on the international market.

Consolidated performance forecasts for the Group remain unchanged from the forecasts announced on March 4, 2013.

2. Issues Regarding Summary (Notes) Information

(1) Significant Changes in Subsidiaries During the Period Under Review

Not applicable.

(2) Adoption of Special Accounting Procedures for Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates) Following a revision of the Corporation Tax Law, from this first consolidated quarter under review, the Company and its consolidated subsidiaries located in Japan have changed the depreciation method for property, plant and equipment acquired on and after February 1, 2013 to a method in accordance with the Corporation Tax Law after revision. The effect this change has on the operating income, ordinary income, and Income before income taxes for the term under review is negligible.

4. Quarterly Consolidated Financial Statement
(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	At January 31, 2013	At April 30, 2013
ASSETS		
I. Current Assets:		
Cash and deposits	10,574,326	7,840,207
Notes and accounts receivable	10,540,939	11,674,955
Goods and products	4,816,217	5,853,590
Goods in process	167,286	220,914
Raw material and inventory goods	1,792,836	1,863,153
Other current assets	1,228,961	1,699,104
Allowance for doubtful accounts	(17,213)	(21,616)
Total Current Assets	29,103,354	29,130,308
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures-net	5,221,403	5,882,144
Land	6,015,064	6,068,674
Other tangible fixed assets-net	4,971,671	5,886,295
Total Tangible Fixed Assets	16,208,139	17,837,114
2. Intangible Fixed Assets:		
Goodwill	551,572	534,305
Other intangible fixed assets	624,561	626,091
Total Intangible Fixed Assets	1,176,134	1,160,397
3. Investments and Other Assets:		
Other	2,104,885	2,201,818
Allowance for doubtful accounts	(53,692)	(53,694)
Total Investments and Other Assets	2,051,193	2,148,123
Total Fixed Assets	19,435,468	21,145,635
Total Assets	48,538,822	50,275,944

(Thousands of yen)

At January 31, 2013

At April 30, 2013

LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable	3,864,039	4,858,974
Short-term borrowings	1,389,610	470,250
Current portion of long-term loans payable	26,327	27,360
Income taxes payable	1,134,047	706,919
Accrued bonuses to employees	606,257	1,019,525
Returned goods adjustment reserve	44,824	58,046
Other current liabilities	4,550,833	4,760,174
Total Current Liabilities	11,615,940	11,901,249
II. Long-Term Liabilities:		
Long-term borrowings	2,204,365	2,200,000
Employees' retirement benefits	319,324	330,143
Retirement benefits for directors and corporate auditors	389,764	276,808
Other long-term liabilities	1,644,056	1,943,066
Total Long-Term Liabilities	4,557,510	4,750,018
Total Liabilities	16,173,451	16,651,268
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	22,686,099	22,593,269
Treasury stock	(450,289)	(451,156)
Total Shareholders' Equity	32,615,653	32,521,957
II. Valuation and Translation Adjustments:		
Net unrealized gains on securities	26,644	65,971
Foreign currency translation adjustment	(970,653)	272,534
Total Valuation and Translation Adjustments	(944,008)	338,505
III. Minority Interests		
	693,726	764,213
Total Net Assets	32,365,371	33,624,676
Total Liabilities, Minority Interests and Net Assets	48,538,822	50,275,944

(2) Quarterly Consolidated Statements of Income

(Thousands of yen)

	Three months ended April 30, 2012	Three months ended April 30, 2013
I. Net Sales	14,345,647	16,895,717
II. Cost of Sales	8,249,510	9,532,677
Gross profit	6,096,136	7,363,039
Reversal of reserve for returned products	60,072	46,037
Transfer to reserve for returned products	56,829	57,599
Adjusted gross profit	6,099,379	7,351,478
III. Selling, General and Administrative Expenses	4,691,245	5,438,060
Operating Income	1,408,134	1,913,417
IV. Other Income:		
Interest income	12,379	26,027
Equity in earnings of non consolidated subsidiaries and affiliates	15,479	18,795
Foreign exchange gains	214,211	248,794
Other	39,274	54,429
Total Other Income	281,344	348,046
V. Other Expenses:		
Interest expense	19,766	8,029
Sales discounts	52,726	57,076
Other	9,170	8,592
Total Other Expenses	81,663	73,697
Ordinary Income	1,607,815	2,187,766
VI. Extraordinary Income:		
Gain on sales of property	2,827	2,179
Total Extraordinary Income	2,827	2,179
VII. Extraordinary Loss:		
Loss on sales of property	31	31
Loss on disposal of property	1,186	5,219
Total Extraordinary Loss	1,218	5,251
Income before Income Taxes	1,609,423	2,184,695
Income Taxes	659,811	681,028
Adjustment for Corporate Tax	(130,420)	146,339
Total Corporate Income Tax	529,391	827,368
Income before minority interests	1,080,032	1,357,326
Less: Minority Interest in Net Income of Consolidated Subsidiaries	29,312	29,200
Net Income	1,050,719	1,328,126

Quarterly Consolidated Statement of Comprehensive Income
(Three months ended April 30, 2013)

(Thousands of yen)

	Three months ended April 30, 2012	Three months ended April 30, 2013
Quarterly net income before adjusted minority interests income	1,080,032	1,357,326
Other comprehensive income		
Valuation difference on available-for-sale securities	6,734	39,326
Foreign currency translation adjustment	684,337	1,331,056
Total other comprehensive income	691,071	1,370,383
Quarterly comprehensive income	1,771,103	2,727,710
(Break down)		
Quarterly comprehensive income on parent company	1,697,966	2,610,641
Quarterly comprehensive income on minority interests	73,137	117,069

(3) Notes Regarding Going Concern Assumptions

Not applicable.

(4) Notes Regarding Substantial Changes in Shareholders' Equity

Not applicable.

(5) Segment Information

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

Three Months Ended April 30, 2012

(Thousands of yen)

	Report Segment					Other (Note) 1	Total	Adjustment s (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	5,459,371	1,593,802	1,756,065	5,259,318	14,068,558	277,089	14,345,647	—	14,345,647
Total	5,459,371	1,593,802	1,756,065	5,259,318	14,068,558	277,089	14,345,647	—	14,345,647
Segment Profits	836,876	26,243	74,229	1,135,262	2,072,611	37,873	2,110,485	(702,351)	1,408,134

(Note)

1. "Others" are business segments not included in reporting segments and mostly are the Group's production subsidiaries manufacturing and selling products to companies outside the Group.
2. Adjustments in segment profits are operating costs that cannot be allocated, and most are administrative costs.
3. Segment profits are adjusted to operating income in the consolidated statement of income.

Three Months Ended April 30, 2013

(Thousands of yen)

	Report Segment					Other (Note) 1	Total	Adjustment s (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	5,951,750	1,677,647	1,653,422	7,327,340	16,610,160	285,556	16,895,717	—	16,895,717
Total	5,951,750	1,677,647	1,653,422	7,327,340	16,610,160	285,556	16,895,717	—	16,895,717
Segment Profits	785,913	23,544	85,221	1,858,638	2,753,317	33,838	2,787,156	(873,738)	1,913,417

(Note)

1. "Others" are business segments not included in reporting segments and mostly are the Group's production subsidiaries manufacturing and selling products to companies outside the Group.
2. Adjustments in segment profits are operating costs that cannot be allocated, and most are administrative costs.
3. Segment profits are adjusted to operating income in the consolidated statement of income.