Summary of Consolidated Financial Results for Year to January 2004

March 15, 2004

Company name: Pigeon Corporation Listings: Tokyo Stock Exchange (First Section)

Stock code: 7956 Headquarters: Tokyo

(URL http://www.pigeon.co.jp)

President: Seiichi Matsumura

Contact: Yasushi Takashima, Managing Officer TEL ++81-3-3252-4114

BOD meeting for approving financial result March 15, 2004

U.S. accounting standards: Not applicable

1. Consolidated Financial Results (Years to January 31 2004 and 2003)

(1) Performance (year to January 31) (millions, rounded down)

	Net sales	Change (%)	Operating income	Change (%)	Ordinary income	Change (%)
2004	34,156	(3.3)	2,651	(6.2)	2,504	(8.0)
2003	33,057	(4.1)	2,497	(67.9)	2,319	(63.4)

	Net income	Change (%)	Net income per share ( )	Net income per share (fully diluted) (\)	Return on equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
2004	1,270	(49.5)	63.59	63.53	7.0	8.1	7.3
2003	849	(—)	43.02	—	4.9	7.4	7.0

Notes: 1. Equity in earnings of affiliates: 28 million (Jan. 2004); 25 million (Jan. 2003)

2. Average shares outstanding (cons.): 19,985,943 (year to Jan. 2004); 19,756,767 (year to Jan. 2003)

3. Changes in accounting principles: Applicable

4. Figures in parentheses represent year-on-year percentage change.

(2) Financial Position (at January 31) (millions, rounded down)

	Total assets	Shareholders' equity	Equity-assets ratio (%)	Equity per share ( )
2004	30,212	18,647	61.7	932.65
2003	31,833	17,553	55.1	878.98

Note: Shares outstanding at year-end (consolidated): 19,994,017 (Jan. 2004); 19,970,058 (Jan. 2003)

(3) Cash Flows (year to January 31) (millions, rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
2004	2,156	374	(2,427)	3,223
2003	3,312	(961)	(3,375)	3,137

(4) Scope of Consolidation and Equity-Method Application

Consolidated subsidiaries: 11; Nonconsolidated subsidiaries (equity method): 0; Affiliates (equity method): 2

(5) Changes in Scope of Consolidation and Equity-Method Application

Consolidated: 0 (newly included); 0 (excluded) Equity method application: 0 (newly included); 0 (excluded)

2. Forecast for Fiscal (Year to January 31, 2005)

(millions, rounded down)

	Net sales	Ordinary income	Net income
Interim	19,800	1,060	560
Full year	40,500	2,700	1,600

(Reference) Forecast net income per share (full year): 80.02

In this document, statements other than historical facts related to plans, forecasts, and strategies are based on information available at the time of writing. The corporation cannot provide guarantees or commitments for these forward-looking statements. Due to various factors, actual results may differ significantly from those anticipated in this document.

Corporate Group

The Pigeon Group consists of the Pigeon Corporation (the parent company), 11 consolidated subsidiaries, and two equity-method affiliates. The Group is engaged mainly in the manufacture, purchase, and sale of baby care, child care, and healthcare products, as well as in the provision of child-rearing and healthcare support services.

Management Policies

Basic Policies

Based on its corporate commitment, “providing the gift of love to all,” the Pigeon Group is dedicated to helping those in need—while pregnant, giving birth, and rearing children, as well as in old age. Our policy is to develop our business by delivering products and services that address the needs of these people. Fulfilling our role as a “lifestyle support company focusing on child rearing,” we are leveraging the Pigeon brand and the quality of our management to build a high corporate profile that is recognized worldwide. Our actions are guided by our medium-term management plan, Corporate Value Creation 21, covering the three years to January 2005. In the year under review, the second year of the plan, we steadily implemented top-priority management initiatives and maximized synergies derived from the Group’s comprehensive strengths. As a result, we are making good progress in establishing a solid foundation for sustained growth in the 21st century.

Profit Appropriation Policy

The Pigeon Group regards the return of profits to shareholders—made possible by ongoing improvements to Group-wide profitability—as an important management priority. Our policy is to make the most effective use of retained earnings. We actively invest these funds in growth areas, new businesses, and research and development, as well as in reinforcing our operating foundation by streamlining production facilities to lower costs and raise product quality. With respect to appropriating earnings, our policy is to actively return profits to shareholders. We do this by paying stable and ongoing cash dividends, with the emphasis on raising dividend levels where possible. Here, we take into account all relevant factors, such as corporate performance and dividend payout ratio. For the period under review, we plan to pay a year-end dividend of ¥8.00 per share, bringing total annual dividends to ¥16.00 per share (after adding the ¥8.00 interim dividend already paid).

Key Performance Targets

Our performance targets for the year ending January 2005, the final term of the three-year management plan, are as follows.

Consolidated net sales: ¥40.5 billion

Consolidated operating income ratio: 7%

Consolidated ROA (ratio of ordinary income to total assets): 8%

All companies in the Pigeon Group are united in their quest to reach these targets. To this end, each Group member will exploit its individual strengths and adopt specific strategies to maximize Group-wide synergies.

Medium-Term Strategies

Amid a rapidly changing business environment, characterized by low birth rates and an aging population, the Pigeon Group has formulated a medium-term business plan designed to build a framework for sustained revenues and earnings increases in the future. Entitled Corporate Value Creation 21, the plan covers the three-year period to January 2005 and focuses on "three-generational marketing" and "reinforcement of overseas business strategies." The year under review was the second year of the plan.

In order to comprehensively achieve the plan's objectives, the Group has set four important initiatives, which are described below. We are steadily implementing the plan and working actively to further exploit the synergies that derive from our Group businesses.

Note: Our "three-generational marketing" strategy entails mobilizing brand loyalty to develop safe, reliable products and services that provide peace of mind to people across three generations—babies, women (centering on mothers), and the elderly—and translating growing brand recognition into an expanded market presence.

(1) Reinforce business base

a. Create a stable earnings foundation by shifting the emphasis of our baby care product business from growing revenues to enhancing profitability.

b. Foster a results-oriented R&D environment and pursue product development focusing on originality and efficiency.

c. Further strengthen our financial position and enhance operating efficiency by targeting businesses that generate strong cash flows.

(2) Enhance Group-wide efficiency

Maximize the Group's profit-generating capabilities by forming optimal, market-oriented arrangements with production affiliates.

(3) Allocate investments to growth areas

a. Accelerate the expansion of our home healthcare and nursing care business by making Tahira Co., Ltd. (maker of healthcare products for the elderly), into a subsidiary and reinforcing Group-wide interaction in the areas of development, production, and sales.

b. Expand the scope of our child-rearing support business through active allocation of resources, thus establishing Pigeon as the most reliable company in the child-minding and day-care markets.

c. Build a system for nurturing overseas human resources; establish and strengthen our framework for strategic cooperation with overseas affiliates; and target overseas sales of ¥5 billion, with the intention of fostering overseas operations into a mainstay pillar of profitability for the Group.

(4) Reform our personnel system and organization

a. Continually improve the Group's personnel systems by fostering a reform-oriented corporate culture firmly focused on independent action by individuals.

b. Strengthen our performance target management system by strictly adhering to business plans and considering actions to take when digression occurs.

c. Efficiently allocate and utilize managerial resources in a manner that fundamentally strengthens the Group; reinforce our operating base to achieve sustained business growth.

Issues to Address

The Pigeon Group has now entered the final year of Corporate Value Creation 21. By achieving the objectives of the plan, we intend to improve the Group's business performance and thus meet the expectations of all shareholders.

On August 1, 2003, we transferred the operations of three businesses handled by the parent company—child-minding, day-care, and babysitter-dispatch services—to Pigeon Kids World Co., Ltd., a wholly owned subsidiary. That company, which changed its name to Pigeon Hearts Co., Ltd., on the same day, now handles the Group's child-rearing support business and will spearhead further growth in this important area.

On December 2, 2003, the Board of Directors decided to acquire a 60% equity stake in Tahira Co., Ltd., which manufactures and sells healthcare products for the elderly. The purchase was subsequently made on February 2, 2004, making Tahira into a subsidiary. The healthcare market will continue growing in line with Japan's aging population trend. The purchase of Tahira will produce synergies with the parent company in the development, manufacture, and sale of healthcare products. We now have a broad enough presence to grow this business into the Group's No. 2 core operation, following baby and child care products. Healthcare products are expected to account for around 20% of consolidated net sales in the fiscal year to January 2005.

Corporate Governance

The Pigeon Group's basic corporate governance policy is to enhance the efficiency and transparency of management and raise corporate value while maintaining an optimal balance between shareholder value, customer value, and employee value. We are upgrading corporate governance in order to create a growth-sustaining, robust foundation conducive to swift and appropriate responses to changes in the operating environment. Through weekly managers' meetings, for example, we are able to quickly solve problems based on grass-roots perspectives. Our Board of Directors includes external auditors, whose objective opinions help strengthen the Board's function in supervising the execution of business. Keen to enhance the transparency of our operations, we maintain proactive investor relations (IR) activities aimed at individual and institutional investors. These activities include swift and accurate information disclosure.

Performance

Year in Review

Environment and Reponses

In the first half of the year under review, the state of the Japanese economy grew increasingly uncertain, due to concerns about the impact of the Iraq war on the U.S. economy and the SARS outbreak on East Asian economies. Thanks to swift conclusions to both events, however, causes for concern gradually dissipated. As a result, the U.S. economy turned around and the Chinese economy expanded firmly in the second half of the period. This led to a slight recovery in capital investments and improved financial performances of Japanese companies and a steady, albeit modest, recovery in the domestic economy.

The year in review was the second year of the period covered by the Pigeon Group's medium-term management plan, Corporate Value Creation 21. During the year, we pursued aggressive management and sales strategies and built internal frameworks allowing swift, correct decision-making even in times of drastic changes in the business environment. We also focused on reinforcing cost-competitiveness by revamping the earnings structure of the entire Group.

The trend of declining prices in the baby and healthcare markets—the Group's principal areas of involvement—has started to bottom out. Nevertheless, business conditions remained generally difficult.

Consolidated net sales for the year totaled ¥34,156 million, up 3.3% from the previous year. Ordinary income grew 8.0%, to ¥2,504 million, and net income climbed 49.5%, to ¥1,290 million.

Segment Review

Due to a reclassification of its operations in the year under review, the Group's maternity-related business, formerly part of the "Baby and Child Care" segment, is now included in the "Others" segment. Also, the "Nursing Care" segment has been renamed "Healthcare." The previous year's figures have been modified to reflect the reclassification and allow accurate year-on-year comparisons.

Baby and Child Care

Sales in this segment amounted to ¥27,919 million up 1.7% from the previous year. Segment operating income grew 4.3%, to ¥5,171 million.

The trend of declining prices, especially of consumables, in this segment showed signs of bottoming out. However, our main customers—operators of drugstores and retail outlets specializing in baby products—accelerated the pace of new-store openings, leading to intense price competition that may continue in the future.

In response, Pigeon strove to further reinforce the competitiveness of its main retail customers by launching distinctive new products onto the market.

In child-rearing support services, Pigeon Land Nerima Takanodai, a directly managed child-minding center, began operating in July 2003, having obtained official authorization from the Tokyo Municipal Government. Meanwhile, we accelerated expansion of our in-company child-minding center operations on behalf of large corporations, such as Hitachi, Ltd., Toyota Motor Corp., Banyu Pharmaceutical Co., Ltd., Vodafone K.K., and Shinsei Bank, Limited.

In overseas markets, the SARS outbreak caused stagnation in exports to some regions. However, sales to South Korea and the Middle East were solid. Good performers included baby food, breast pads, baby bottle nipples, and baby wipes. Pigeon Industries (Thailand) Co., Ltd., a subsidiary, reported strong increases in production and sales of wet tissues and breast pads. That company also posted a major jump in OEM sales of breast pads. Going forward, we will strive to expand sales of wet tissues and breast pads as strategic products for the global market. Meanwhile, Pigeon (Shanghai) Co., Ltd., a wholly owned subsidiary, pursued sales activities designed to spread the use of Pigeon products in hospitals. Our aim here is to expand our share of the rapidly growing Chinese retail store market.

Healthcare

Sales in this segment rose 4.3%, to ¥3,898 million. Segment operating income declined 14.5%, to ¥324 million.

Revenues in this segment derive mainly from sales of incontinence pads.

Seeking to expand market share and boost segment revenues, we undertook aggressive sales activities in the year under review. These efforts enabled us to exceed our sales targets. Pigeon Manaka Co., Ltd., which provides healthcare dispatch services for the elderly, continued establishing close ties with its local communities in Tochigi Prefecture.

Others

Sales from other operations rose 25.0%, to ¥2,338 million. Operating income totaled ¥34 million, compared with an operating loss of ¥113 million in the previous fiscal year.

Female care products account for the bulk of revenues in this segment. During the year, we launched dietary supplements and herbal teas designed to enhance the comfort of women experiencing physical and spiritual changes associated with pregnancy. We also actively sold skincare products, including a cream to prevent stretch marks, to retail stores. Year-on-year sales grew dramatically as a result. Meanwhile, Pigeon Will Co., Ltd., a consolidated subsidiary, reaped the benefits of its aggressive sales activities. Consequently, both revenues and profits in this segment improved.

Sales by Segment (Consolidated) (¥ millions)

	FY to Jan 04	FY to Jan 03	Change	Change (%)
Baby & child care	27,919	28,597	471	+1.7
Healthcare	3,898	3,739	159	+4.3
Others	2,338	720	467	+25.0
Total	34,156	33,057	1,099	+3.3

Outlook

In the current fiscal year, ending January 2005, the Japanese economy is expected to continue on a recovery path. However, business conditions will remain difficult due to intensifying price competition in consumable goods.

The baby and child care market, our principal area of involvement, we cannot expect a recovery in Japan's birthrate. However, we will develop highly functional, top-quality products that will satisfy customers. We will also take advantage of product-and service-related synergies with our child-rearing support business, with the intention of raising our market profile and honing our competitive edge. In April 2004, Pigeon will begin operating under consignment 115 in-hospital child-minding facilities associated with national government hospitals and nursing homes around Japan. In the same month, we will also enter a similar arrangement to operate the Sannou Nursery School in Tokyo's Ota Ward. We expect revenues and earnings to improve dramatically as a result of these initiatives.

We will solidify our position in the continuously expanding healthcare market. This segment will benefit from synergies derived from Tahira, now a subsidiary, and the Group's existing business in healthcare dispatch services for the elderly and the development, manufacture, and sale of products for healthcare facilities.

Overseas, in April 2004 we will commence local production of baby bottle nipples in China to meet that nation's rapidly growing market. We will also undertake an aggressive campaign to expand our sales activities from major Chinese coastal cities, our focus to date, to retail stores further inland.

In other areas, we will continue promoting products that improve the comfort levels of women as they face the physical and mental changes associated with pregnancy. In February 2004, Pigeon Home Products Co., Ltd., a consolidated subsidiary, launched a website dedicated to online sales and support related to healthy culinary living. Our aim here is to enhance recognition and expand sales of Pigeon's female care products.

For the fiscal year to January 2005, the Group forecasts consolidated net sales of ¥40.5 billion (up 18.6%), ordinary income of ¥2.7 billion (up 7.8%), and net income of ¥1.6 billion (up 25.9%).

Consolidated Balance Sheets

(Figures rounded down to nearest thousand yen)

	At January 31, 2004		At January 31, 2003		Change
	Thousands of yen	% of total	Thousands of yen	% of total	
ASSETS		%		%	
I Current Assets					
Cash and time deposits	3,223,703		3,137,567		86,135
Notes and accounts receivable	7,544,352		7,508,625		35,726
Marketable securities	—		368		(368)
Inventories	2,876,839		2,791,074		85,765
Deferred tax assets	415,040		293,207		121,832
Other receivables	371,559		262,187		109,371
Other current assets	144,016		113,534		30,481
Allowance for doubtful accounts	(158,743)		(179,410)		20,666
Total Current Assets	14,416,767	47.7	13,927,157	43.7	489,610
II Fixed Assets					
1. Tangible Fixed Assets					
Buildings and structures	4,312,574		4,601,452		(288,878)
Machinery and transportation equipment	2,329,457		2,364,818		(35,361)
Tools, furniture and fixtures	538,734		484,982		53,751
Land	5,826,823		5,876,901		(50,078)
Construction in progress	26,921		370,662		(343,741)
Total Tangible Fixed Assets	13,034,510	43.2	13,698,818	43.1	(664,308)
2. Intangible Fixed Assets					
Software	603,722		570,442		33,279
Other intangible fixed assets	33,863		34,199		(335)
Total Intangible Fixed Assets	637,585	2.1	604,641	1.9	32,944
3.Investments and Other Assets					
Investment securities	1,021,838		2,384,086		(1,362,247)
Insurance reserve	516,726		512,841		3,885
Bankruptcy claims	715,561		713,754		1,807
Deferred tax assets	135,812		304,676		(168,864)
Other	318,669		398,123		(79,454)
Allowance for doubtful accounts	(585,185)		(710,291)		125,105
Total Investments and Other Assets	2,123,423	7.0	3,603,191	11.3	(1,479,767)
Total Fixed Assets	15,795,518	52.3	17,906,650	56.3	(2,111,131)
Total Assets	30,212,286	100.0	31,833,807	100.0	(1,621,521)

Consolidated Balance Sheets

(Figures rounded down to nearest thousand yen)

	At January 31, 2004		At January 31, 2003		Change
	Thousands of yen	% of total	Thousands of yen	% of total	
LIABILITIES		%		%	
I Current Liabilities					
Notes and accounts payable	4,900,092		5,268,187		(368,094)
Short-term borrowings	1,055,645		1,212,737		(157,091)
Current portion of long-term debt	483,840		1,194,560		(710,720)
Accrued amount payable	1,187,984		1,026,435		161,548
Income taxes payable	145,930		708,017		(562,086)
Accrued bonuses to employees	337,314		338,009		(694)
Returned goods adjustment reserve	30,955		36,200		(5,244)
Other current liabilities	729,851		592,696		137,155
Total Current Liabilities	8,871,615	29.4	10,376,842	32.6	(1,505,227)
II Long-Term Liabilities					
Long-term borrowings	902,540		2,106,000		(1,203,460)
Deferred tax liabilities	311,184		—		311,184
Employees' retirement benefits	135,590		606,914		(471,324)
Retirement benefits for directors and corporate auditors	301,109		309,170		(8,060)
Difference between investment costs and equity in net assets acquired	57,067		1,082		55,984
Other long-term liabilities	637,125		15,533		621,591
Total Long-Term Liabilities	2,344,616	7.7	3,038,701	9.6	(694,084)
Total Liabilities	11,216,231	37.1	13,415,544	42.2	(2,199,312)
MINORITY INTERESTS					
Minority Interests	348,544	1.2	865,051	2.7	(516,507)
SHAREHOLDERS' EQUITY					
I Capital stock	—	—	5,199,597	16.3	(5,199,597)
II Additional paid-in capital	—	—	5,133,608	16.1	(5,133,608)
III Consolidated retained earnings	—	—	8,033,592	25.3	(8,033,592)
IV Net unrealized gains (losses) on securities	—	—	(175,523)	(0.5)	175,523
V Foreign currency translation adjustment	—	—	(341,536)	(1.1)	341,536
	—	—	17,849,737	56.1	(17,849,737)
VI Treasury stock, at cost	—	—	(296,525)	(1.0)	296,525
Total shareholders' equity	—	—	17,553,212	55.1	(17,553,212)
SHAREHOLDERS' EQUITY					
I Capital stock	5,199,597	17.2	—	—	5,199,597
II Additional paid-in capital	5,134,837	17.0	—	—	5,134,837
III Consolidated retained earnings	8,976,465	29.7	—	—	8,976,465
IV Net unrealized gains (losses) on securities	(13,525)	(0.0)	—	—	(13,525)
V Foreign currency translation adjustment	(376,775)	(1.3)	—	—	(376,775)
VI Treasury stock, at cost	(273,089)	(0.9)	—	—	(273,089)
Total Shareholders' Equity	18,647,510	61.7	—	—	18,647,510
Total Liabilities, Minority Interests and Shareholders' Equity	30,212,286	100.0	31,833,807	100.0	(1,621,521)

Consolidated Statements of Income

(Figures rounded down to nearest thousand yen)

	Year ended January 31, 2004		Year ended January 31, 2003		Change
	Thousands of yen	% of total	Thousands of yen	% of total	
		%		%	
I Net Sales	34,156,379	100.0	33,057,202	100.0	1,099,177
II Cost of Sales	20,317,691	59.5	19,782,567	59.8	535,123
Gross profit	13,838,688	40.5	13,274,634	40.2	564,054
III Selling, General and Administrative Expenses	11,186,876	32.7	10,777,320	32.6	409,555
Operating Income	2,651,812	7.8	2,497,313	7.6	154,498
IV Other Income	332,362	0.9	385,817	1.1	(53,455)
Interest	4,504		5,828		(1,323)
Dividend income	10,701		2,038		8,662
Gain on sales of marketable securities	—		55,987		(55,987)
Rental income	177,506		202,322		(24,815)
Amortization of consolidation adjustment account	7,762		204		7,558
Equity in earnings of nonconsolidated subsidiaries and affiliates	28,974		25,548		3,426
Other	102,911		93,886		9,025
V Other Expenses	479,269	1.4	563,707	1.7	(84,437)
Interest expense	77,515		111,349		(33,833)
Sales discounts	185,320		173,739		11,580
Foreign exchange loss	—		59,186		(59,186)
Rental income-related costs	139,596		169,299		(29,702)
Other	76,836		50,131		26,704
Ordinary Income	2,504,905	7.3	2,319,424	7.0	185,480
VI Extraordinary Income	157,264	0.5	6,623	0.0	150,641
Reversal of allowance for doubtful accounts	102,400		—		102,400
Gain on sales of investment securities	44,642		5,289		39,353
Other	10,221		1,334		8,887
VII Extraordinary Loss	661,510	1.9	497,275	1.5	164,233
Loss on sale/disposal of property	45,551		27,522		18,028
Amortization of difference arising from change in accounting for retirement benefits	88,505		88,505		—
Amortization of marketable securities	20,000		356,861		(336,861)
Retirement benefit system modification expense	473,654		—		473,654
Other	33,799		24,387		9,412
Income before Income Taxes	2,000,659	5.9	1,828,770	5.5	171,888
Income Taxes	389,555	1.2	792,897	2.4	(403,342)
Adjustment for Corporate Tax	238,767	0.7	(17,373)	(0.1)	256,141
Less: Minority Interest in Net Income of Consolidated Subsidiaries	101,381	0.3	203,252	0.6	(101,871)
Net Income	1,270,955	3.7	849,994	2.6	420,961

Consolidated Statements of Cash Flows

(Figures rounded down to nearest thousand yen)

	Year ended January 31, 2004	Year ended January 31, 2003
	Thousands of yen	Thousands of yen
I. Cash Flows from Operating Activities		
Income before income taxes	2,000,659	1,828,770
Depreciation	1,461,246	1,334,360
Amortization of difference between investment costs and equity in net assets acquired	(7,762)	(204)
Increase/decrease in allowance for doubtful accounts	(99,788)	11,781
Change in accrued bonuses to employees	(694)	4,749
Change in employees' retirement benefits	(471,324)	138,791
Increase/decrease in reserve for retirement benefits to directors and corporate auditors	(8,060)	(108,530)
Interest and dividend income	(15,206)	(7,867)
Gain on sale of securities	5,293	(55,987)
Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates	(28,974)	(25,548)
Interest expense	77,515	111,349
Gain on sales of investment securities	(44,642)	(5,289)
Loss on devaluation of investment securities	20,000	356,861
Loss on disposal of inventory	45,551	27,522
Loss on devaluation of inventories	—	13,717
Decrease (increase) in trade receivables	(75,322)	162,152
Decrease (increase) in inventories	(109,103)	71,927
(Decrease) increase in trade payables	(345,163)	(175,794)
Decrease (increase) in consumption tax payable	(69,183)	21,647
Payment of bonuses to directors and corporate auditors	(8,408)	(2,815)
Increase/decrease in bankruptcy claims	(1,807)	100,170
Increase in employees' accrued retirement benefits	810,068	—
Other	27,914	(9,274)
Subtotal	3,162,807	3,792,491
Interest and dividends received	14,675	7,654
Interest paid	(70,375)	(112,720)
Income taxes paid	(950,947)	(374,633)
Net Cash Provided by (Used in) Operating Activities	2,156,160	3,312,791
II. Cash Flows from investing Activities		
Acquisition of property, plant and equipment	(681,877)	(1,020,672)
Proceeds from sale property, plant and equipment	47,597	43,216
Acquisition of intangible assets	(277,131)	(181,323)
Acquisition of investments in securities	(580,009)	(259,323)
Proceeds from sale on investments in securities	2,363,869	370,195
Payment to life insurance fund for directors	(70,781)	(89,679)
Proceeds due to maturity/cancellation of insurance reserve	74,235	138,835
Acquisition of shares in subsidiaries	(478,613)	—
Loans advanced	(194,036)	(86,000)
Collection of loan receivables	180,001	88,062
Other	(9,116)	35,007
Net Cash Provided by (Used in) Investing Activities	374,138	(961,682)
III. Cash Flows from Financing Activities		
Net increase in short-term bank loans	2,627,100	2,923,356
Repayment of short-term debt	(2,775,005)	(1,711,854)
Proceeds from long-term debt		—
Repayment of long-term debt	(2,214,180)	(1,843,980)
Redemption of bonds	—	(1,600,000)
Payment of cash dividends	(320,154)	(311,862)
Payment of cash dividends to minority shareholders	(69,766)	(73,305)
Acquisition of treasury stock	(1,184)	(757,916)
Proceeds from sale of treasury stock	25,850	—
Net Cah Provided by (Used in) Financing Activities	(2,427,339)	(3,375,563)
IV. Translation Gain (Loss) Related to Cash and Cash Equivalents	(17,193)	9,067
V. Net Change in Cash and Cash Equivalents	85,766	(1,015,386)
VI. Cash and Cash Equivalents at Beginning of Year	3,137,936	3,873,411
VII. Increase in Cash and Cash Equivalents Due to Expanded Scope of Consolidation	—	279,911
VIII. Cash and Cash Equivalents at End of Year	3,223,703	3,137,936