Summary of Consolidated Financial Results for Year to January 2005

March 15, 2005

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, 2005

U.S. accounting standards: Not applicable

1. Consolidated Financial Results (Years to January 31 2005 and 2004)

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

	Net sales		Operating income		Ordinary income	
		Change (%)		Change (%)		Change (%)
2005	40,719	(19.2)	2,714	(2.4)	2,621	(4.7)
2004	34,156	(3.3)	2,651	(6.2)	2,504	(8.0)

	Net income		Net income per share (¥)	Net income per share (fully diluted) (¥)	Return on equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
		Change (%)					
2005	1,494	(17.6)	74.22	74.10	7.7	8.1	6.4
2004	1,270	(49.5)	63.59	63.53	7.0	8.1	7.3

Notes: 1. Equity in earnings of affiliates: ¥44 million (Jan. 2005); ¥28 million (Jan. 2004)
2. Average shares outstanding (cons.): 20,138,055 (year to Jan. 2005); 19,985,943 (year to Jan. 2004)
3. Changes in accounting principles: Not 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 (¥)
2005	34,382	19,997	58.2	989.43
2004	30,212	18,647	61.7	932.65

Note: Shares outstanding at year-end (consolidated): 20,211,283 (Jan. 2005); 19,994,017 (Jan. 2004)

(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
2005	4,286	(2,850)	(1,881)	2,768
2004	2,156	374	(2,427)	3,223

(4) Scope of Consolidation and Equity-Method Application
Consolidated subsidiaries: 13; Nonconsolidated subsidiaries (equity method): 0; Affiliates (equity method): 2

(5) Changes in Scope of Consolidation and Equity-Method Application
Consolidated: 3 (newly included); 1 (excluded) Equity method application: 0 (newly included); 0 (excluded)

2. Forecast for Fiscal (Year to January 31, 2006)

(¥ millions, rounded down)

	Net sales	Ordinary income	Net income
Interim	20,900	1,350	700
Full year	42,700	3,000	1,650

(Reference) Forecast net income per share (full year): ¥81.63

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), 13 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. This is our medium-term corporate vision.

The period under review was the final year of our medium-term management plan, Corporate Value Creation 21, covering the three years to January 2005. During the year, we steadily implemented top-priority business initiatives and maximized synergies derived from the Group's comprehensive strengths.

Profit Appropriation Policy

The Pigeon Group regards the return of profits to shareholders—made possible by ongoing improvements to Groupwide 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. In the year under review, we shifted our emphasis from stable dividends based on parent-company results to a dividend policy centering on consolidated results—as announced on March

7, 2004. Based on this policy, we plan to pay annual dividends of ¥20.00 per share, including the ¥8.00 interim dividend already paid.

Medium-Term Strategies

Building on the achievements of Corporate Value Creation 21, our medium-term business plan just ended, we announced our second business plan for the 21st century on January 19, 2005. Under the new plan, we are seeking achieve annual consolidated revenues of ¥50 billion within the next three years. Below is an outline of the new plan.

Second Medium-Term Plan of the 21st Century
(February 2005–January 2008)

Basic Policy

Our aim is to reinforce the individuality and competitiveness of our core business—the baby and child care segment—while strengthening Groupwide synergies by actively developing businesses in growth areas. In the process, we will seek to maximize our corporate value on a global scale.

(1) The baby and child care segment is central to our Group management plan and a core part of our effort to improve corporate value. In this business, our basic strategic focus will be on "value creation."

(2) We will position the following three businesses as growth areas: child-rearing support, overseas operations, and home healthcare.

(3) We will reform our internal systems and reallocate managerial resources to best address the changing composition of our earnings.

Key Performance Targets (Consolidated)

Our consolidated performance targets for the year ending January 2008, the final term of the plan, are as follows.

Net sales: ¥50 billion

Gross profit ratio: 39.5%

Operating income ratio: 8%

Ordinary income ratio: 7.5%

ROA (ratio of ordinary income to total assets): 10%

Issues to Address

In the second half of the year under review, the pace of economic expansion began to slow, creating a less-than-optimistic business environment for the Pigeon Group. Meanwhile, the number of births showed no signs of recovering despite various measures by the government to support child-rearing. For these reasons, we feel that conditions will remain severe. Despite the difficult operating environment, the Group will strive to achieve performance targets outlined in its new medium-term business plan and thus meet the expectations of all shareholders.

Corporate Governance

Basic Stance

Pigeon recognizes that sustained improvements in corporate value require enhanced management efficiency and transparency. It is also crucially important to reinforce the management surveillance function to ensure that the Corporation pursues its performance targets while maintaining an appropriate balance between shareholder, customer, and employee value. To this end, Pigeon is undertaking various initiatives aimed at ensuring sound corporate governance.

Current Status

The Corporation is building a corporate governance framework based on a system of Board of Directors and Board of Corporate Auditors, as well as an internal auditing system.

The task of the eight-member Board of Directors is to address changes in the business environment by ensuring that management decisions are made rationally and efficiently. Its overall aim is to ensure sustained growth and establish a robust operating foundation.

In addition to the Board of Directors, which handles control and supervision, Pigeon has a system of executive officers, responsible for execution of business. By separating the decision-making and supervision function from the business execution function, we are working to ensure sound corporate governance. Problems are quickly solved at weekly Executive Council meetings, where issues are discussed based on grass-roots perspectives. In addition, Board of Directors meetings are attended by external and internal auditors, whose opinions are actively sought in an effort to reinforce the Board's ability to supervise the execution of business.

The Board of Corporate Auditors, which has four members (including two external ones), performs a meticulous auditing function. Depending on their specific responsibilities, auditors attend Board of Directors meetings, where they listen to discussions, receive important documents for perusal, and scrutinize the Corporation's business and financial position. In addition, the Audit Office, which handles the internal auditing function, conducts various audits of legal compliance, job implementation, and internal surveillance systems, as well as information security and other items. The Office makes evaluations and proposals as necessary.

The Pigeon Group is currently working to improve its information security and personal information protection systems, which it regards as crucial to the effective delivery of products, services, and information to customers. For example, we are striving to acquire the Privacy Mark, which is bestowed upon businesses with appropriate mechanisms in place to protect personal information. To this end, we have set up a Personal Information Protection Committee and plan to form a Groupwide organizational structure aimed at earning Privacy Mark status.

Keen to enhance the transparency of our operations, we maintain proactive investor relations (IR) activities and pursue swift and accurate information disclosure for individual and institutional investors. Our IR activities include information meetings to announce our business results (held semiannually), explain our medium-term business plan, and describe new products and businesses. We also regularly update our website and in 2004 launched overseas IR activities. On January 16, 2005, we undertook a reorganization. This entailed upgrading the Corporate Planning Office to divisional status in order to reinforce its responsibilities and functions. Within the new Corporate Planning Division, we also set up an IR Office, whose role is actively communicate with Pigeon Group stakeholders and spearhead information disclosure and responses pertaining to overall operations.

Performance and Financial Position

Performance

Environment and Results

In the latter half of the fiscal year under review, growth in the Japanese economy showed signs of slowing, due to rising oil prices and other factors. Nevertheless, a dramatic improvement in corporate earnings helped boost capital spending, and personal consumption generally expanded, albeit moderately.

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

The trend of declining prices continued, giving rise to difficult business conditions. This was particular evident in the area of consumables in the baby and child care and healthcare markets—the Pigeon Group's principal areas of involvement. In the child-rearing support segment, by contrast, we broadened the scope of our business by taking advantage of deregulation and our competitive edge. Overseas, as well, we built on our positive interim results, making particular progress in China and elsewhere in East Asia.

Consolidated net sales for the year totaled ¥40,719 million, up 19.2% from the previous year. Ordinary income grew 4.7%, to ¥2,621 million, and net income jumped 17.6%, to ¥1,494 million.

Segment Review

Baby and Child Care

Sales in this segment amounted to ¥31,100 million, up 11,4% from the previous year. This segment is classified into three categories: baby and child care services, overseas business, and child-rearing support services.

Baby and child care services: In this category, the Group's principal area of business development, market conditions remained difficult as domestic birthrates declined and prices, especially of consumables, continued falling. Under these conditions, we actively introduced new products as we sought to enhance the emotion and joy of customers, from giving birth to raising children. New products launched during the year included the market's first electric toothbrush from babies. We also unveiled a line of baby shoes, the result of intensive research into the feet shape and walking habits of toddlers. These and other new products earned solid support from retailers and consumers alike.

Overseas business: While exports to Taiwan, Hong Kong, and elsewhere fell below expectations, we reported favorable performances in China and South Korea. Sales of breastfeeding-related products, baby bottles and nipples, and skincare products were particularly good. U.S.-based Lansinoh Laboratories, Inc., which became a subsidiary in April 2004, took advantage of its competitive edge in breast creams and breast pads to enter the European market and report a solid performance.

Child-rearing support: In April 2004, all of Japan's national hospitals and nursing homes were privatized, and the operation of their 116 child-minding centers was entrusted to Pigeon Corporation. Our performance in this category improved significantly as a result. During the year, we also made good progress in the area of in-company child-minding operations. We opened our second center within the facilities of Toyota Motor Corp. and our second center for a financial institution—Saikyo Bank, Ltd., based in Yamaguchi Prefecture. We will use our competitive edge to accelerate expansion of this business in the future. Meanwhile, the pace of privatization of public child-minding centers is quickening. In January 2005, Pigeon Hearts Co., Ltd., a wholly owned subsidiary, took over the operations of its first Tokyo Metropolitan Government -approved child-minding center—now named Pigeon Land Fuchu.

Healthcare

Sales in this segment slipped 73.3%, to ¥6,458million.

Price competition among manufacturers of consumables, centering on our mainstay incontinence pads, remains fierce. Although we undertook proactive marketing efforts to raise market share and expand sales, our results fell short of our projections. In February 2004, we acquired Tahira Co., Ltd., a maker of lifestyle-enhancement products for the elderly. Our plan is to make healthcare a central part of the Pigeon Group's operations by exploiting synergies with Tahira in the areas of product development, sales, and distribution. In the year under review, however, we incurred slight losses due to the liquidation of some unprofitable businesses. Nevertheless, Pigeon Manaka Co., Ltd., a consolidated subsidiary that provides healthcare dispatch services for the elderly, continued building close ties with its local communities in Tochigi Prefecture. That company became profitable as a result.

Others

Sales from other operations totaled ¥2,860 million, up 22.3%.

Pigeon Will Co., Ltd., a consolidated subsidiary that sells maternity undergarments, expanded its operations in the year under review. During the period, we also launched a new series of cosmetics for mothers who put their babies first. This drew a warm market response, which contributed to increased segment revenues.

Sales by Segment (Consolidated) (¥ millions)

	Year to Jan. 05	Year to Jan. 04	Change	Change (%)
Baby & child care	31,100	27,919	3,181	11,4
Healthcare	6,758	3,898	2,859	73.3
Others	2,860	2,338	522	22.3
Total	40,719	34,156	6,563	19.2

Outlook

The fiscal period to January 2006 is the first year of our second medium-term business plan for the 21st century, announced on January 19, 2005. For the year, we expect conditions to remain difficult in the domestic baby and child care business, with little prospect of recovery in the birthrate. In response, we will harness synergies among Group companies to maintain a framework conducive to increased revenues and earnings and thus maximize our corporate value on a global basis.

For the year, we forecast consolidated net sales of ¥42.7 billion (up 4.9%), ordinary income of ¥3.0 million (up 14.4%), and net income of ¥1.65 billion (up 10.4%).

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.

Consolidated Balance Sheets

	At January 31, 2004			At January 31, 2005			Change
	(¥ thousands)		% of total	(¥ thousands)		% of total	(¥ thousands)
ASSETS							
I Current Assets							
1. Cash and time deposits		3,223,703			2,768,291		(455,411)
2. Notes and accounts receivable		7,544,352			8,597,127		1,052,774
3. Inventories		2,876,839			3,427,581		550,741
4. Deferred tax assets		415,040			579,327		164,287
5. Other receivables		371,559			231,868		(139,691)
6. Other		144,016			158,154		14,138
7. Allowance for doubtful accounts		(158,743)			(17,432)		141,311
Total Current Assets		14,416,767	47.7		15,744,917	45.8	1,328,150
II Fixed Assets							
1. Tangible Fixed Assets							
(1) Buildings and structures	9,190,609			9,921,489			
Accumulated depreciation	4,878,035	4,312,574		5,441,094	4,480,395		167,821
(2) Machinery and transportation equipment	6,946,569			7,248,697			
Accumulated depreciation	4,617,112	2,329,457		5,125,080	2,123,616		(205,840)
(3) Tools, furniture and fixtures	3,407,838			3,487,094			
Accumulated depreciation	2,869,104	538,734		2,947,048	540,045		1,310
(4) Land		5,826,823			6,102,501		275,678
(5) Construction in progress		26,921			52,582		25,661
Total Tangible Fixed Assets		13,034,510			13,299,140		264,630
2. Intangible Fixed Assets							
(1) Consolidation adjustment account		—			2,351,346		2,351,346
(2) Software		603,722			764,345		160,623
(3) Other		33,863			55,140		21,276
Total Intangible Fixed Assets		637,585			3,170,832		2,533,246
3. Investments and Other Assets							
(1) Investment securities		1,021,838			1,067,568		45,729
(2) Insurance reserve		516,726			499,891		(16,835)
(3) Bankruptcy claims		715,561			647,555		(68,005)
(4) Deferred tax assets		135,812			248,730		112,918
(5) Other		318,669			327,009		8,339
(6) Allowance for doubtful accounts		(585,185)			(623,123)		(37,938)
Total Investments and Other Assets		2,123,423			2,167,631		44,208
Total Fixed Assets		15,795,518	52.3		18,637,604	54.2	2,842,085
Total Assets		30,212,286	100.0		34,382,522	100.0	4,170,235
LIABILITIES							
I Current Liabilities							
1. Notes and accounts payable		4,900,092			6,160,627		1,260,534
2. Short-term borrowings		1,055,645			859,903		(195,742)
3. Current portion of long-term debt		483,840			657,946		174,106
4. Accrued amount payable		1,187,984			1,258,967		70,982
5. Income taxes payable		145,930			753,861		607,930
6. Accrued bonuses to employees		337,314			517,332		180,017
7. Returned goods adjustment reserve		30,955			31,200		244
8. Other current liabilities		729,851			879,589		149,737
Total Current Liabilities		8,871,615	29.4		11,119,426	32.3	2,247,811
II Long-Term Liabilities							
1. Long-term borrowings		902,540			1,473,212		570,672
2. Deferred tax liabilities		311,184			401,531		90,347
3. Employees' retirement benefits		135,590			167,152		31,562
4. Retirement benefits for directors and corporate auditors		301,109			329,339		28,230
5. Difference between investments costs and equity in net assets acquired		57,067			—		(57,067)
6. Other		637,125			507,742		(129,382)
Total Long-Term Liabilities		2,344,616	7.7		2,878,977	8.4	534,361
Total Liabilities		11,216,231	37.1		13,998,404	40.7	2,782,172
MINORITY INTERESTS							
Minority Interests		348,544	1.2		386,383	1.1	37,839
SHAREHOLDERS' EQUITY							
I Capital stock		5,199,597	17.2		5,199,597	15.1	—
II Additional paid-in capital		5,134,837	17.0		5,145,608	15.0	10,770
III Retained earnings		8,976,465	29.7		10,149,781	29.5	1,173,316
IV Net unrealized gains (losses) on securities		(13,525)	(0.0)		(5,159)	(0.0)	8,365
V Foreign currency translation adjustment		(376,775)	(1.3)		(431,795)	(1.2)	(55,020)
VI Treasury stock, at cost		(273,089)	(0.9)		(60,296)	(0.2)	212,792
Total Shareholders' Equity		18,647,510	61.7		19,997,734	58.2	1,350,223
Total Liabilities, Minority Interests and Shareholders' Equity		30,212,286	100.0		34,382,522	100.0	4,170,235

Consolidated Statements of Income

	Year ended January 31, 2004			Year ended January 31, 2005			Change
	(¥ thousands)		% of total	(¥ thousands)		% of total	(¥ thousands)
I Net Sales		34,156,379	100.0		40,719,607	100.0	6,563,227
II Cost of Sales		20,322,935	59.5		25,047,114	61.5	4,724,179
Gross Profit		13,833,444	40.5		15,672,492	38.5	1,839,048
Reversal of returned goods adjustment reserve	36,200			30,955			
Transfer to returned goods adjustment reserve	30,955	5,244	0.0	31,200	(244)	0.0	(5,488)
Gross Profit (adjusted)		13,838,688	40.5		15,672,248	38.5	1,833,560
III Selling, General and Administrative Expenses		11,186,876	32.7		12,957,900	31.8	1,771,024
Operating Income		2,651,812	7.8		2,714,348	6.7	62,535
IV Other Income							
1. Interest income	4,504			4,853			
2. Dividend income	10,701			10,189			
3. Rental income	177,506			149,106			
4. Amortization of consolidation adjustment account	7,762			—			
5. Equity in earnings of nonconsolidated subsidiaries and affiliates	28,974			44,098			
6. Other	102,911	332,362	0.9	131,129	339,377	0.8	7,015
V Other Expenses							
1. Interest expense	77,515			86,899			
2. Sales discounts	185,320			204,525			
3. Rental income-related costs	139,596			115,317			
4. Other	76,836	479,269	1.4	25,156	431,898	1.1	(47,371)
Ordinary Income		2,504,905	7.3		2,621,827	6.4	116,922
VI Extraordinary Income							
1. Reversal of allowance for doubtful accounts	102,400			158,774			
2. Gain on sales of investment securities	44,642			—			
3. Other	10,221	157,264	0.5	9,745	168,519	0.4	11,254
VII Extraordinary Loss							
1. Loss on dispoal of fixed assets	45,551			100,076			
2. Loss on business adjustment	—			56,380			
3. Amortization of difference arising from change in accounting for retirement benefits	88,505			—			
4. Devaluation loss on investment securities	20,000			—			
5. Retirement benefit system modification expense	473,654			—			
6. Other	33,799	661,510	1.9	20,688	177,145	0.4	(484,365)
Income before Income Taxes		2,000,659	5.9		2,613,202	6.4	612,542
Income Taxes	389,555			980,197			
Adjustment for Corporate Tax	238,767	628,323	1.9	46,829	1,027,026	2.5	398,703
Less: Minority Interests in Earnings of Consolidated Subsidiaries		101,381	0.3		91,436	0.2	(9,944)
Net Income		1,270,955	3.7		1,494,738	3.7	223,783

Consolidated Retained Earnings

	Year ended January 31, 2004		Year ended January 31, 2005		Change
	(¥ thousands)		(¥ thousands)		(¥ thousands)
CAPITAL SURPLUS					
I Balance at Beginning of Year					
Addition paid-in capital at beginning of year	5,133,608	5,133,608	5,134,837	5,134,837	1,229
II Increase in Capital Surplus					
Gain on disposal of treasury stock	1,229	1,229	10,770	10,770	9,540
III Balance at End of Year		5,134,837		5,145,608	10,770
RETAINED EARNINGS					
I Balance at Beginning of Year					
Consolidated surplus at beginning of year	8,033,592	8,033,592	8,976,465	8,976,465	942,872
II Increase in Retained Earnings					
Net income	1,270,955	1,270,955	1,494,738	1,494,738	223,783
III Decrease in Retained Earnings					
Cash dividends paid	319,674		321,422		
Bonuses for directors and corporate auditors	8,408	328,082	—	321,422	(6,660)
IV Balance at End of Year		8,976,465		10,149,781	1,173,316

Consosidated Statements of Cash Flows

	Year ended January 31, 2004	Year ended January 31, 2005	Change
	(¥ thousands)	(¥ thousands)	(¥ thousands)
I Cash Flows from Operating Activities			
Income before income taxes	2,000,659	2,613,202	612,542
Depreciation	1,461,246	1,316,123	(145,123)
Amortization of difference between investment costs and equity in net assets acquired	(7,762)	282,591	290,354
Increase (decrease) in allowance for doubtful accounts	(99,788)	(117,997)	(18,208)
Increase (decrease) in accrued bonuses to employees	(694)	167,934	168,628
Increase (decreas) in employees' retirement benefits	(471,324)	(231)	471,093
Increase (decrease) in reserve for retirement benefits to directors and corporate auditors	(8,060)	(26,567)	(18,506)
Interest and dividend income	(15,206)	(15,042)	163
Gain on sales of securities	5,293	—	(5,293)
Equity in losses of nonconsolidated subsidiaries and affiliates	(28,974)	(44,098)	(15,123)
Interest expense	77,515	86,899	9,383
Gain on sales of investment securities	(44,642)	—	44,642
Loss on devaluation of investment securities	20,000	—	(20,000)
Loss on disposal of fixed assets	45,551	100,076	54,525
Decrease (increase) in trade receivables	(75,322)	(109,475)	(34,152)
Decrease (increase) in inventories	(109,103)	(37,843)	71,259
Increase (decrease) in trade payables	(345,163)	554,984	900,147
Increase (decrease) in consumption tax payable	(69,183)	106,166	175,350
Payment of bonuses to directors and corporate auditors	(8,408)	—	8,408
Decrease (increase) in bankruptcy claims	(1,807)	110,393	112,200
Increase (decrease) in employees' accrued retirement benefits	810,068	(246,549)	(1,056,618)
Other	27,914	(13,136)	(41,051)
Subtotal	3,162,807	4,727,430	1,564,623
Interest and dividends received	14,675	14,535	(140)
Interest paid	(70,375)	(83,122)	(12,746)
Income taxes paid	(950,947)	(372,555)	578,391
Net Cash Provided by Operating Activities	2,156,160	4,286,288	2,130,127
II Cash Flows from Investing Activities			
Proceeds from reversal of time deposits	—	393,607	393,607
Acquisition of property, plant and equipment	(681,877)	(843,796)	(161,919)
Proceeds from sales of property, plant and equipment	47,597	13,476	(34,120)
Acquisition of intangible fixed assets	(277,131)	(383,209)	(106,078)
Acquisition of investment securities	(580,009)	(4,990)	575,019
Proceeds from sales of investment securities	2,363,869	71,391	(2,292,478)
Payment to life insurance fund for directors	(70,781)	(82,201)	(11,420)
Proceeds due to maturity/cancellation of insurance reserve	74,235	246,773	172,537
Acquisition of shares in subsidiaries	(478,613)	(97,400)	381,213
Acquisition of shares in newly consolidated subsidiaries	—	(2,195,936)	(2,195,936)
Loans advanced	(194,036)	(11,134)	182,902
Collection of loan receivables	180,001	37,181	(142,820)
Other	(9,116)	5,611	14,727
Net Cash Provided by (Used in) Investing Activities	374,138	(2,850,626)	(3,224,765)
III Cash Flows from Financing Activities			
Increase (decrease) in short-term bank loans	2,627,100	5,873,296	3,246,195
Repayment of short-term bank loans	(2,775,005)	(6,839,181)	(4,064,176)
Increase (decrease) in long-term debt	300,000	1,300,000	1,000,000
Repayment of long-term debt	(2,214,180)	(2,082,796)	131,384
Payment of cash dividends	(320,154)	(325,238)	(5,083)
Payment of cash dividends to minority shareholders	(69,766)	(31,495)	38,270
Proceeds from sales of treasury stock	25,850	226,446	200,596
Acquisition of treasury stock	(1,184)	(2,883)	(1,698)
Net Cash Used in Financial Activities	(2,427,339)	(1,881,853)	545,486
IV Effect of exchange rate changes on Cash and Cash Equivalents	(17,193)	(9,219)	7,974
V Net Change in Cash and Cash Equivalents	85,766	(455,411)	(541,177)
VI Cash and Cash Equivalents at Beginning of Year	3,137,936	3,223,703	85,766
VII Cash and Cash Equivalents at End of Year	3,223,703	2,768,291	(455,411)