Summary of Consolidated Financial Results for Six Months Ended July 31, 2005

September 12, 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

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BOD meeting for approving interim financial results: September 12, 2005

U.S. accounting standards: Not applicable

1. Consolidated Financial Results (Six months ended July 31, 2005 and 2004)

(1) Performance (Six months ended July 31)

(¥ millions, rounded down)

	Net sales	Operating income	Ordinary income
	Change (%)	Change (%)	Change (%)
2005	21,100 (6.8)	1,339 (1.4)	1,309 (-0.5)
2004	19,754 (14.1)	1,321 (-0.1)	1,317 (6.5)
Year ended January 31,	40,719	2,714	2,621

	Net income	Net income per share (¥)	Net income per share (fully diluted) (¥)
	Change (%)		
2005	798 (-5.7)	40.22	40.21
2004	846 (31.7)	42.15	42.05
Year ended January 31,	1,494	74.22	74.10

Notes: 1. Equity in earnings of affiliates: ¥22 million (July 2005); ¥21 million (July 2004); ¥44 million (Jan. 2005)

2. Average shares outstanding (cons.): 19,847,330 (6 months ended July 2005); 20,073,396 (6 months ended July 2004);

20, 138, 055 (Year ended Jan. 2005)

3. Changes in accounting principles:

Not applicable

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

(2) Financial Position (at July 31)

	(¥	millions,	rounded	down)
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	Total assets	Shareholders' equity	Equity-assets ratio (%)	Equity per share (¥)
2005	35,496	19,682	55.4	997.43
2004	36,263	19,424	53.6	962.30
At January 31, 2005	34,382	19,997	58.2	989.43

Note: Shares outstanding at term-end (consolidated): 19,732,925 (July 2005); 20,185,789 (July 2004); 20,211,283 (Jan. 2005)

(3) Cash Flows (year ended July 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	317	(790)	(161)	2,146
2004	1,987	(2,302)	335	3,240
Year ended January 31, 2005	4,286	(2,850)	(1,881)	2,768

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

2. Forecast for Fiscal Year Ending January 31, 2006

	(¥	millions,	rounded	down)
1				

	Net sales	Ordinary income	Net income
Full year	42,700	3,000	1,650

(Reference) Forecast net income per share (full year): ¥83.61

Consolidated Interim Balance Sheets

(Figures rounded down to nearest thousand yen						
	At July 31,	2004	At July 31, 2005		At January 31, 2005	
	Thousands of yen	% of total	Thousands of yen	% of total	Thousands of yen	% of total
ASSETS		%		%		%
I Current Assets						
Cash and time deposits	3, 240, 369		2, 146, 280		2, 768, 291	
Notes and accounts receivable	9, 379, 573		9, 529, 666		8, 597, 127	
Inventories	3, 653, 692		3, 964, 666		3, 427, 581	
Deferred tax assets	667, 564		590, 478		579, 327	
Other receivables	243, 997		273, 870		231, 868	
Other current assets	204, 121		225, 698		158, 154	
Allowance for doubtful accounts	(9, 497)		(11, 528)		(17, 432)	
Total Current Assets	17, 379, 821	47. 9	16, 719, 132	47. 1	15, 744, 917	45. 8
II Fixed Assets						
1. Tangible Fixed Assets						
Buildings and structures	4, 530, 745		4, 357, 879		4, 480, 395	
Machinery and transportation equipment	2, 145, 997		2, 188, 549		2, 123, 616	
Tools, furniture and fixtures	578, 741		641, 883		540, 045	
Land	6, 101, 231		6, 102, 501		6, 102, 501	
Construction in progress	83, 944		125, 843		52, 582	
Total Tangible Fixed Assets	13, 440, 660		13, 416, 656		13, 299, 140	
2. Intangible Fixed Assets						
Consolidation adjustment accounts	2, 408, 211		2, 197, 411		2, 351, 346	
Software	694, 678		933, 147		764, 345	
Other intangible fixed assets	57, 926		53, 670		55, 140	
Total Intangible Fixed Assets	3, 160, 815		3, 184, 229		3, 170, 832	
3. Investments and Other Assets						
Investment securities	1, 058, 578		1, 091, 364		1, 067, 568	
Insurance reserve	648, 578		516, 181		499, 891	
Deferred tax assets	188, 233		260, 579		248, 730	
Others	977, 231		331, 153		974, 565	
Allowance for doubtful accounts	(590, 839)		(22, 720)		(623, 123)	
Total Investments and Other Assets	2, 281, 782		2, 176, 558		2, 167, 631	
Total Fixed Assets	18, 883, 258	52. 1	18, 777, 444	52. 9	18, 637, 604	54. 2
Total Assets	36, 263, 080	100. 0	35, 496, 577	100. 0	34, 382, 522	100. 0

Consolidated Interim Balance Sheets

(Figures rounded down to nearest thousand yen)					
At July 31, 2004 At July 31, 2005 At January 31, 2005					, 2005
Thousands of yen	% of total	Thousands of yen	% of total	Thousands of yen	% of total
	%		%		%
6, 723, 577		6, 602, 930		6, 160, 627	
1, 841, 697		2, 224, 094		859, 903	
909, 172		1, 556, 182		657, 946	
1, 115, 472		1, 210, 540		1, 258, 967	
528, 785		343, 222		753, 861	
464, 048		513, 990		517, 332	
34, 900		34, 300		31, 200	
1, 049, 197		1, 254, 926		879, 589	
12, 666, 849	34. 9	13, 740, 187	38. 7	11, 119, 426	32. 3
2, 317, 646		206, 264		1, 473, 212	
375, 023		566, 994		401, 531	
159, 459		176, 007		167, 152	
360, 572		330, 980		329, 339	
606, 188		407, 246		507, 742	
3, 818, 889	10. 5	1, 687, 492	4.8	2, 878, 977	8. 4
16, 485, 739	45. 4	15, 427, 680	43.5	13, 998, 404	40. 7
352, 399	1.0	386, 507	1.1	386, 383	1. 1
5, 199, 597	14. 3	5, 199, 597	14. 6	5, 199, 597	15. 1
5, 144, 329	14. 2	5, 146, 690	14.5	5, 145, 608	15. 0
9, 662, 784	26. 7	10, 705, 687	30. 2	10, 149, 781	29. 5
(3, 470)	(0.0)	(6, 052)	(0.0)	(5, 159)	(0.0)
(493, 256)	(1.4)	(444, 294)	(1.3)	(431, 795)	(1. 2)
(85, 042)	(0. 2)	(919, 238)	(2. 6)	(60, 296)	(0. 2)
19, 424, 941	53. 6	19, 682, 389	55. 4	19, 997, 734	58. 2
36, 263, 080	100. 0	35, 496, 577	100. 0	34, 382, 522	100. 0
	Thousands of yen 6, 723, 577 1, 841, 697 909, 172 1, 115, 472 528, 785 464, 048 34, 900 1, 049, 197 12, 666, 849 2, 317, 646 375, 023 159, 459 360, 572 606, 188 3, 818, 889 16, 485, 739 352, 399 5, 199, 597 5, 144, 329 9, 662, 784 (3, 470) (493, 256) (85, 042) 19, 424, 941	Thousands of yen % of total 6, 723, 577 1, 841, 697 909, 172 1, 115, 472 528, 785 464, 048 34, 900 1, 049, 197 12, 666, 849 2, 317, 646 375, 023 159, 459 360, 572 606, 188 3, 818, 889 10. 5 16, 485, 739 45. 4 352, 399 1. 0 5, 199, 597 14. 3 5, 144, 329 14. 2 9, 662, 784 26. 7 (3, 470) (0, 0) (493, 256) (1, 4) (85, 042) (0, 2) 19, 424, 941 53. 6	At July 31, 2004 At July 31, Thousands of yen 6, 723, 577 6, 602, 930 1, 841, 697 2, 224, 094 909, 172 1, 556, 182 1, 115, 472 1, 210, 540 528, 785 343, 222 464, 048 513, 990 34, 900 34, 300 1, 049, 197 1, 254, 926 12, 666, 849 34. 9 13, 740, 187 2, 317, 646 206, 264 375, 023 566, 994 159, 459 176, 007 360, 572 330, 980 606, 188 407, 246 3, 818, 889 10. 5 1, 687, 492 16, 485, 739 45. 4 15, 427, 680 5, 199, 597 14. 3 5, 199, 597 5, 144, 329 14. 2 5, 146, 690 9, 662, 784 26. 7 10, 705, 687 (3, 470) (0. 0) (6, 052) (493, 256) (1. 4) (444, 294) (85, 042) (0. 2) (919, 238) 19, 424, 941 53. 6 19, 682, 389 <	At July 31, 2004 At July 31, 2005 Thousands of yen % of total Thousands of yen % of total 96 96 6, 723, 577 6, 602, 930 1, 841, 697 2, 224, 094 909, 172 1, 556, 182 1, 115, 472 1, 210, 540 528, 785 343, 222 464, 048 513, 990 34, 900 34, 300 1, 049, 197 1, 254, 926 12, 666, 849 34, 9 13, 740, 187 38, 7 2, 317, 646 206, 264 375, 023 566, 994 159, 459 176, 007 360, 572 330, 980 606, 188 407, 246 3, 818, 889 10, 5 1, 687, 492 4, 8 16, 485, 739 45, 4 15, 427, 680 43, 5 352, 399 1, 0 386, 507 1, 1 5, 199, 597 14, 3 5, 199, 597 14, 6 5, 144, 329 14, 2 5, 146, 690 14, 5 9, 662, 784 26, 7 10, 705, 687<	At July 31. 2004 At July 31. 2005 At January 31 Thousands of yen % of total 6. 602, 930 6. 160, 627 6. 602, 930 6. 160, 627 6. 602, 930 6. 160, 627 6. 602, 930 6. 602, 930 6. 602, 930 6. 602, 930 6. 602, 930 6. 602, 930 6. 602, 930 6. 602, 930 6. 602, 940 859, 903 909, 172 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 258, 967 753, 861 1, 254, 962 879, 589 11, 11, 11, 11, 11, 11, 11, 11, 11, 11,

Consolidated Interim Statements of Income

Six months ended July 31, 2006 Six months of yen No fitatal Thousands of yen No fitatal No fi	~	(Figures rounded down to nearest thousand yen)					
I Net Sales I Cost of Sales 19,754,887 100,0 19,754,887 100,0 19,754,887 100,0 101,0 100,0		•				Year ended January 31, 2005	
I Net Sales 19,754,887 100.0 21,100.511 100.0 40,719,607 100.0 B Cost of Sales 12,153,770 61.5 13,110,274 62.1 25,047,114 61.5 Gross profit 7,601,116 38.5 7,990,236 37,9 15,672,492 38.5 Reversal of reserve for returned products 30,955 31,200 33,300 30,955 If server and Administrative Expenses 6,275,387 31.8 6,647,211 31.5 12,959,000 31.8 Operating Income 1,321,784 6,7 1,339,925 6,4 2,714,348 6,7 17 Nonoperating Income 1,321,784 6,7 1,339,925 6,4 2,714,348 6,7 17 Nonoperating Income 1,177 9,92 6,4 2,714,348 6,7 1,339,925 6,4 2,714,348 1,0 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17 1,17		Thousands of yen	% of total	Thousands of yen	% of total	Thousands of yen	% of total
Toost of Sales			%		%		%
Gross profit Reversal of reserve for returned products 30,955 31,200 30,955 31,200 30,955 31,200 30,955 31,200 30,955 31,200 30,955 31,200 30,955 31,200 30,955 31,200 34,300 31,200 34,300 31,200 34,300 31,200 34,300 31,200 34,300 31,200 34,300 31,200 34,300 31,200 34,300 31,200 34,300 31,200 34,300 31,200 31,80 32,955 31,81 31,51 31,51 32,957,900 31,80	I Net Sales	19, 754, 887	100.0	21, 100, 511	100. 0	40, 719, 607	100.0
Reversal of reserve for returned products 33,905 31,200 30,955 31,200 31	II Cost of Sales	12, 153, 770	61.5	13, 110, 274	62. 1	25, 047, 114	61.5
Transfer to reserve for returned products	Gross profit	7, 601, 116	38. 5	7, 990, 236	37. 9	15, 672, 492	38. 5
Majusted gross profit 7,597,172 38.5 7,987,136 37.9 15,672,248 38.5 III Selling, General and Administrative Expenses 6,275,387 31.8 6,447,211 31.5 12,957,900 31.8	Reversal of reserve for returned products	30, 955		31, 200		30, 955	
III Selling, General and Administrative Expenses 6,275,387 31.8 6,647,211 31.5 12,957,900 31.8 Operating Income 1,321,784 6.7 1,339,925 6.4 2,714,348 6.7 IV Nonoperating Income 195,462 1.0 156,418 0.7 339,377 0.8 Interest income 2,258 2,318 4,453 Dividend income 1,177 932 10,189 Foreign exchange gain 25,954 17,193 — Rental income 76,331 71,184 149,106 Equity in earnings of nonconsolidated 21,131 22,548 44,098 subsidiaries and affiliates 44,063 11,0 186,463 0.9 431,898 1.1 Interest expenses 47,061 27,294 86,899 Sales discounts 91,618 99,271 204,525 Rental income 1,317,082 6.7 7,747 25,156 Ordinary Income 1,317,082 6.7 1,309,879 6.2 2,621,827 6.4 VE Extraordinary Income 170,225 0.8 52,566 0.2 168,519 0.4 Gain on sales of investment securities 8,829 — 8,829 Reversal of allowance for doubtful accounts 158,843 51,316 158,774 Others 2,552 1,239 916 VII Extraordinary Loss 36,942 0.2 47,654 0.2 177,145 0.4 Loss on disposal of fixed assets 26,385 37,684 100,076 Loss on business adjustment 4,452 — 5,618 Others 4,073 7,374 7,475 0.4 Loss on disposal of fixed assets 26,385 37,684 100,076 Loss on business adjustment 56,678 — 56,880 Amortization of difference arising from change in accounting for retirement benefits 4,452 — 4,452 2,781 Income Taxes 42,72 4,452 2,613,202 6.4 Income Taxes 563,427 2.9 337,352 1.6 990,197 2.4 Adjustment for Oproprate Tax 3,168 0.2 27,773 0.1 91,436 0.2	Transfer to reserve for returned products	34, 900		34, 300		31, 200	
Operating Income	Adjusted gross profit	7, 597, 172	38. 5	7, 987, 136	37. 9	15, 672, 248	38. 5
IV Nonoperating Income	Ⅲ Selling, General and Administrative Expenses	6, 275, 387	31.8	6, 647, 211	31.5	12, 957, 900	31.8
Interest income	Operating Income	1, 321, 784	6. 7	1, 339, 925	6. 4	2, 714, 348	6. 7
Dividend income	IV Nonoperating Income	195, 462	1.0	156, 418	0. 7	339, 377	0.8
Foreign exchange gain 25,954 17,193 149,106	Interest income	2, 258		2, 318		4, 853	
Rental income 76,331 71,184 149,106 Equity in earnings of nonconsolidated subsidiaries and affiliates 21,131 22,548 44,098 Others 68,607 42,240 131,129 V Nonoperating Expenses 200,163 1.0 186,463 0.9 431,898 1.1 Interest expenses 47,061 27,294 86,899 86,899 271,204 86,899 </td <td>Dividend income</td> <td>1, 177</td> <td></td> <td>932</td> <td></td> <td>10, 189</td> <td></td>	Dividend income	1, 177		932		10, 189	
Equity in earnings of nonconsolidated subsidiaries and affiliates 21,131 22,548 44,098 21,131 22,548 34,098 31,129 24,000 31,129 24,000 31,129 24,000 31,129 24,000 31,129 24,000 31,129 24,000 31,129 24,000 31,129 24,000 31,129 24,000 31,129 24,000 31,129 31,120 31,12	Foreign exchange gain	25, 954		17, 193		_	
subsidiaries and affiliates 21.131 22.946 44.996 Others 68.607 42.240 131.129 V Nonoperating Expenses 200.163 1.0 186.463 0.9 431.898 1.1 Interest expenses 47.061 27.294 86.899 86.899 52.72.294 86.899 52.150 115.317 20.525 115.317 20.525 115.317 20.525 115.317 20.525 115.317 20.525 115.317 20.525 115.317 20.525 115.317 20.525 115.317 20.518 20.525 115.317 20.518 20.525 115.317 20.518 20.525 115.317 20.518 20.525 115.317 20.518 20.525 10.509 20.525 10.509 20.525 10.509 20.525 10.509 20.525 10.509 20.525 10.509 20.525 10.509 20.525 10.509 20.525 10.509 20.525 10.509 20.525 10.509 20.525 10.509 20.525 10.509 20.525 <td>Rental income</td> <td>76, 331</td> <td></td> <td>71, 184</td> <td></td> <td>149, 106</td> <td></td>	Rental income	76, 331		71, 184		149, 106	
Nonoperating Expenses 200,163 1.0 186,463 0.9 431,898 1.1		21, 131		22, 548		44, 098	
Interest expenses	Others	68, 607		42, 240		131, 129	
Sales discounts 91,618 99,271 204,525 Rental income-related costs 57,409 52,150 115,317 Others 4,073 7,747 25,156 Ordinary Income 1,317,082 6.7 1,309,879 6.2 2,621,827 6.4 VI Extraordinary Income 170,225 0.8 52,556 0.2 168,519 0.4 Gain on sales of investment securities 8,829 — 8,829 — 8,829 — 8,829 — 8,829 — 8,829 — 916 — 158,774 — 916 — 158,774 — 916 — — 8,829 — — 8,829 — — 8,829 — — 8,829 — — 8,829 — — 8,829 — — 8,829 — — 8,829 — — 8,829 — — 8,929 — — 8,829 — — 8,929 — — 8,929 — — 8,924 — — 1,55,778 — —	V Nonoperating Expenses	200, 163	1.0	186, 463	0. 9	431, 898	1.1
Rental income-related costs 57,409 62,150 115,317 25,156	Interest expenses	47, 061		27, 294		86, 899	
Others 4,073 7,747 25,156 Ordinary Income 1,317,082 6.7 1,309,879 6.2 2,621,827 6.4 VI Extraordinary Income Gain on sales of investment securities 170,225 0.8 52,556 0.2 168,519 0.4 Reversal of allowance for doubtful accounts 158,843 51,316 158,774 158,774 0.4 Others 2,552 1,239 916 158,774 0.4 0.2 177,145 0.4 Loss on sales of fixed assets - 5,518 0.2 177,145 0.4 Loss on business adjustment - 5,518 3,324 100,076	Sales discounts	91, 618		99, 271		204, 525	
Ordinary Income 1,317,082 6.7 1,309,879 6.2 2,621,827 6.4 VI Extraordinary Income 170,225 0.8 52,556 0.2 168,519 0.4 Gain on sales of investment securities 8,829 — 8.829 — 8.829 8.829 Reversal of allowance for doubtful accounts 158,843 51,316 158,774 158,774 158,774 158,774 158,774 158,774 158,774 158,774 168,519 916 158,774 159,678 159,678 159,678	Rental income-related costs	57, 409		52, 150		115, 317	
VI Extraordinary Income 170, 225 0.8 52,556 0.2 168,519 0.4	Others	4, 073		7, 747		25, 156	
Gain on sales of investment securities 8,829 — 8,829 — 8,829 — 916 — 158,774 — 916 — — 916 — — 916 — — — — 916 —	Ordinary Income	1, 317, 082	6. 7	1, 309, 879	6. 2	2, 621, 827	6. 4
Reversal of allowance for doubtful accounts	VI Extraordinary Income	170, 225	0.8	52, 556	0. 2	168, 519	0.4
Others 2,552 1,239 916 VII Extraordinary Loss 36,942 0.2 47,654 0.2 177,145 0.4 Loss on sales of fixed assets - 5,518 3,324 100,076 100,07	Gain on sales of investment securities	8, 829		_		8, 829	
VII Extraordinary Loss 36,942 0.2 47,654 0.2 177,145 0.4 Loss on sales of fixed assets - 5,518 3,324 3,324 100,076	Reversal of allowance for doubtful accounts	158, 843		51, 316		158, 774	
Loss on sales of fixed assets — 5,518 3,324 Loss on disposal of fixed assets 26,385 37,684 100,076 Loss on business adjustment — 56,380 Amortization of difference arising from change in accounting for retirement benefits 4,452 — 8,904 Retirement benefit system modification expense Others 5,678 — 5,678 — 5,678 Others 427 4,452 2,781 — 2,781 Income before Income Taxes 1,450,365 7,3 1,314,781 6,2 2,613,202 6,4 Income Taxes 563,427 2,9 337,352 1,6 980,197 2,4 Adjustment for Corporate Tax (3,168) (0,0) 151,214 0,7 46,829 0,1 Less: Minority Interest in Net Income of Consolidated Subsidiaries 43,835 0,2 27,773 0,1 91,436 0,2	Others	2, 552		1, 239		916	
Loss on disposal of fixed assets 26,385 37,684 100,076 Loss on business adjustment — — 56,380 Amortization of difference arising from change in accounting for retirement benefits 4,452 — 8,904 Retirement benefit system modification expense Others 5,678 — 5,678 — 5,678 Others 427 4,452 2,781 — 2,781 Income before Income Taxes 1,450,365 7.3 1,314,781 6.2 2,613,202 6.4 Income Taxes 563,427 2.9 337,352 1.6 980,197 2.4 Adjustment for Corporate Tax (3,168) (0.0) 151,214 0.7 46,829 0.1 Less: Minority Interest in Net Income of Consolidated Subsidiaries 43,835 0.2 27,773 0.1 91,436 0.2	VII Extraordinary Loss	36, 942	0. 2	47, 654	0. 2	177, 145	0.4
Loss on business adjustment — — 56,380 Amortization of difference arising from change in accounting for retirement benefits 4,452 — 8,904 Retirement benefit system modification expense Others 5,678 — 5,678 Others 427 4,452 2,781 Income before Income Taxes 1,450,365 7.3 1,314,781 6.2 2,613,202 6.4 Income Taxes 563,427 2.9 337,352 1.6 980,197 2.4 Adjustment for Corporate Tax (3,168) (0.0) 151,214 0.7 46,829 0.1 Less: Minority Interest in Net Income of Consolidated Subsidiaries 43,835 0.2 27,773 0.1 91,436 0.2	Loss on sales of fixed assets	_		5, 518		3, 324	
Amortization of difference arising from change in accounting for retirement benefits 4,452 — 8,904 Retirement benefit system modification expense Others 5,678 — 5,678 Others 427 4,452 2,781 Income before Income Taxes 1,450,365 7.3 1,314,781 6.2 2,613,202 6.4 Income Taxes 563,427 2.9 337,352 1.6 980,197 2.4 Adjustment for Corporate Tax (3,168) (0.0) 151,214 0.7 46,829 0.1 Less: Minority Interest in Net Income of Consolidated Subsidiaries 43,835 0.2 27,773 0.1 91,436 0.2	Loss on disposal of fixed assets	26, 385		37, 684		100, 076	
in accounting for retirement benefits Retirement benefit system modification expense Others 1,450,365 1,450,365 1,450,365 1,314,781 1,314,	Loss on business adjustment	_		_		56, 380	
Others 427 4,452 2,781 Income before Income Taxes 1,450,365 7.3 1,314,781 6.2 2,613,202 6.4 Income Taxes 563,427 2.9 337,352 1.6 980,197 2.4 Adjustment for Corporate Tax (3,168) (0.0) 151,214 0.7 46,829 0.1 Less: Minority Interest in Net Income of Consolidated Subsidiaries 43,835 0.2 27,773 0.1 91,436 0.2		4, 452		_		8, 904	
Income before Income Taxes 1,450,365 7.3 1,314,781 6.2 2,613,202 6.4 Income Taxes 563,427 2.9 337,352 1.6 980,197 2.4 Adjustment for Corporate Tax (3,168) (0.0) 151,214 0.7 46,829 0.1 Less: Minority Interest in Net Income of Consolidated Subsidiaries 43,835 0.2 27,773 0.1 91,436 0.2	Retirement benefit system modification expense	5, 678		_		5, 678	
Income Taxes 563, 427 2. 9 337, 352 1. 6 980, 197 2. 4 Adjustment for Corporate Tax (3, 168) (0. 0) 151, 214 0. 7 46, 829 0. 1 Less: Minority Interest in Net Income of Consolidated Subsidiaries 43, 835 0. 2 27, 773 0. 1 91, 436 0. 2	Others	427		4, 452		2, 781	
Adjustment for Corporate Tax (3, 168) (0.0) 151, 214 0.7 46, 829 0.1 Less: Minority Interest in Net Income of Consolidated Subsidiaries 43, 835 0.2 27, 773 0.1 91, 436 0.2	Income before Income Taxes	1, 450, 365	7. 3	1, 314, 781	6. 2	2, 613, 202	6. 4
Less: Minority Interest in Net Income of Consolidated Subsidiaries 43,835 0.2 27,773 0.1 91,436 0.2	Income Taxes	563, 427	2. 9	337, 352	1.6	980, 197	2. 4
Consolidated Subsidiaries 43,635 0.2 21,773 0.1 91,430 0.2	Adjustment for Corporate Tax	(3, 168)	(0.0)	151, 214	0. 7	46, 829	0. 1
Net Income 846,271 4.3 798,441 3.8 1,494,738 3.7		43, 835	0. 2	27, 773	0. 1	91, 436	0. 2
	Net Income	846, 271	4. 3	798, 441	3.8	1, 494, 738	3. 7

Consolidated Interim Statements of Cash Flows

	(Figures rounded down to nearest thousand yen)					
	Six months ended	Six months ended	Year ended January			
	July 31, 2004	July 31, 2005	31, 2005			
	Thousands of yen	Thousands of yen	Thousands of yen			
I. Cash Flows from Operating Activities Income before income taxes Depreciation	1, 450, 365	1, 314, 781	2, 613, 202			
	640, 491	616, 959	1, 316, 123			
Amortization of difference between investment costs and equity in net assets acquired	94, 981	187, 191	282, 591			
Increase (decrease) in allowance for doubtful accounts Increase (decrease) in accrued bonuses to employees Increase (decrease) in employees' retirement benefits	(158, 883)	(606, 969)	(117, 997)			
	114, 600	(3, 792)	167, 934			
	(7, 924)	8, 854	(231)			
Increase (decrease) in reserve for retirement benefits to directors and corporate auditors	4, 666	1, 641	(26, 567)			
Interest and dividend income	(3, 435)	(3, 251)	(15, 042)			
(Gain) loss on sales of securities	(10, 781)	—	(10, 418)			
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(21, 131)	(22, 548)	(44, 098)			
Interest expenses	47, 061	27, 294	86, 899			
Gain on sales of investment securities	(8, 829)	—	(8, 829)			
Loss on sales of fixed assets	—	5, 518	3, 324			
Loss on disposal of fixed assets Decrease (increase) in trade receivables Decrease (increase) in inventories	26, 385	37, 684	100, 076			
	(877, 505)	(887, 215)	(109, 475)			
	(253, 904)	(509, 901)	(37, 843)			
(Decrease) increase in trade payables	1, 111, 357	414, 874	554, 984			
Decrease (increase) in consumption tax payable	47, 832	(126, 118)	106, 166			
(Increase) decrease in bankruptcy claims Increase in employees' accrued retirement benefits Others	108, 417	626, 427	110, 393			
	(127, 847)	(96, 616)	(246, 549)			
	32, 563	130, 710	2, 786			
Subtotal Interest and dividends received Interest paid	2, 208, 481	1, 115, 523	4, 727, 430			
	3, 063	4, 452	14, 535			
	(42, 653)	(26, 641)	(83, 122)			
Income taxes paid Net Cash Provided by (Used in) Operating Activities	(180, 930)	(775, 902)	(372, 555)			
	1, 987, 960	317, 431	4, 286, 288			
II. Cash Flows from investing Activities Proceeds from reversal of time deposits	393, 607	_	393, 607			
Acquisition of fixed assets Proceeds from sales of fixed assets	(499, 296)	(386, 972)	(843, 796)			
	2, 904	4, 972	13, 476			
Acquisition of intangible assets Acquisition of investment securities	(139, 377)	(378, 184)	(383, 209)			
	(4, 990)	—	(4, 990)			
Proceeds from sales of investment securities Payment to life insurance fund for directors Proceeds due to maturity/cancellation of insurance reserve	71, 391	—	71, 391			
	(40, 304)	(25, 166)	(82, 201)			
	97, 508	10, 003	246, 773			
Acquisition of shares in subsidiaries Acquisition of newly consolidated subsidiary	(2, 195, 936)	(28, 115) —	(97, 400) (2, 195, 936)			
Loans advanced	(10, 352)	(492)	(11, 134)			
Collection of loan receivables	11, 876	2, 958	37, 181			
Proceeds from recovery of lease deposits Others Not Cook Provided by (Head in) Investing Activities	31, 849	13, 288	36, 746			
	(21, 373)	(3, 191)	(31, 134)			
Net Cash Provided by (Used in) Investing Activities III. Cash Flows from Financing Activities	(2, 302, 493)	(790, 897)	(2, 850, 626)			
Net increase in short-term bank loans Repayment of short-term debt	3, 383, 270	5, 924, 816	5, 873, 296			
	(3, 363, 371)	(4, 583, 852)	(6, 839, 181)			
Proceeds from long-term debt Repayment of long-term debt Payment of cash dividends	1, 300, 000	—	1, 300, 000			
	(987, 136)	(368, 712)	(2, 082, 796)			
	(162, 981)	(243, 120)	(325, 238)			
Payment of cash dividends Payment of cash dividends to minority shareholders Proceeds from sales of treasury stock	(31, 495)	(32, 695)	(31, 495)			
	199, 562	22, 748	226, 446			
Acquisition of treasury stock Net Cash Provided by (Used in) Financing Activities	(2, 023)	(880, 607) (161, 422)	(2, 883) (1, 881, 853)			
IV. Translation Gain (Loss) Related to Cash and Cash Equivalent	s (4, 625)	12, 876	(9, 219)			
V. Net Change in Cash and Cash Equivalents VI. Cash and Cash Equivalents at Beginning of Year	16, 665	(622, 011)	(455, 411)			
	3, 223, 703	2, 768, 291	3, 223, 703			
VII. Cash and Cash Equivalents at End of Year	3, 240, 369	2, 146, 280	2, 768, 291			