

# Consolidated Statements of Cash Flows

KONICA CORPORATION AND CONSOLIDATED SUBSIDIARIES  
For the fiscal years ended March 31, 1999 and 1998

	Millions of yen		Thousands of U.S. dollars (Note 2)
	1999	1998	1999
<b>Cash Flows from Operating Activities:</b>			
Net (loss) income .....	¥ (3,166)	¥ 5,501	\$ (25,951)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization .....	32,488	28,580	266,295
Allowance for doubtful receivables, net .....	1,376	1,043	11,279
Provision for retirement allowances .....	2,143	1,162	17,566
Equity in earnings of unconsolidated subsidiaries and affiliates .....	(229)	609	(1,877)
Deferred income taxes .....	2,098	(714)	17,197
Profit on sales or disposal of property, plant and equipment .....	1,349	1,396	11,057
Minority interests in earnings of consolidated subsidiaries .....	360	26	2,951
Decrease (increase) in trade receivables .....	5,621	(14,765)	46,074
Decrease (increase) in inventories .....	16,158	(13,615)	132,442
(Increase) decrease in other assets .....	(2,353)	381	(19,287)
(Decrease) increase in trade payables .....	(42,364)	17,094	(347,246)
Decrease in accrued expenses and income taxes .....	(1,687)	(6,467)	(13,828)
Other .....	5,109	(794)	41,877
Net cash provided by operating activities .....	16,903	19,437	138,549
<b>Cash Flows from Investing Activities:</b>			
Proceeds from sales of property, plant and equipment .....	12,073	4,391	98,959
Proceeds from sales of investments in securities .....	324	400	2,656
Acquisition of property, plant and equipment .....	(47,612)	(45,009)	(390,262)
Liquidation and sales (purchases) of investments in securities, unconsolidated subsidiaries and affiliates .....	3,806	(1,506)	31,197
Proceeds from loans to unconsolidated subsidiaries and affiliates .....	334	109	2,738
Decrease in marketable securities .....	7,267	5,301	59,565
(Increase) decrease in long-term loans receivable and other assets .....	(9,906)	1,023	(81,197)
Other .....	1,009	(100)	8,270
Net cash used in investing activities .....	(32,705)	(35,391)	(268,074)
<b>Cash Flows from Financing Activities:</b>			
Proceeds from long-term debt .....	29,432	10,017	241,246
Repayment of long-term debt .....	(2,780)	(16,371)	(22,787)
(Decrease) increase in short-term loans .....	(3,802)	27,332	(31,164)
Redemption of preferred stock .....	(6,782)	—	(55,590)
Dividends paid .....	(3,576)	(3,576)	(29,311)
Net cash provided by financing activities .....	12,492	17,402	102,394
Effect of Exchange Rate Changes on Cash and Cash Equivalents .....	(527)	—	(4,320)
Net Increase in Cash and Cash Equivalents .....	(3,837)	1,448	(31,451)
Cash and Cash Equivalents at Beginning of the Year .....	42,815	41,367	350,943
Cash and Cash Equivalents of Newly Consolidated Subsidiaries .....	1,075	—	8,811
Cash and Cash Equivalents at End of the Year .....	¥40,053	¥42,815	\$328,303
<b>Supplemental Disclosures of Cash Flow Information:</b>			
Cash paid during the year for:			
Interest .....	¥14,100	¥10,477	\$115,574
Income taxes .....	10,558	14,420	86,541

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.