

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2004	Nine months ended December 31, 2003
	Amount	Amount
I. Cash flows from operating activities		
Net income before income taxes and minority interests	38,756	39,457
Depreciation and amortization	37,865	40,616
Amortization of consolidated goodwill	4,423	339
Increase(decrease) in allowance for doubtful accounts	(237)	(2,242)
Interest and dividend income	985	(948)
Interest expense	4,211	5,980
Loss (gain) on sales or disposals of fixed assets	2,163	1,497
Loss(gain) on valuation and sale of investment securities	67	(157)
Transition obligations due to adoption of new accounting standards for retirement benefits	385	744
Special premium for withdrawal from national employee's pension fund	—	513
Transfers to reserve for deferred pension and past service recognition payments to directors	—	513
Management integration rationalization expenses	2,748	—
Gain (loss) related to switch of defined contribution benefit plan	(160)	—
Decrease (increase) in trade notes and accounts receivable	(8,102)	(13,245)
Decrease (increase) in inventories	(13,753)	(16,436)
Increase (decrease) in trade notes and accounts payable	(4,382)	35,351
Increase (decrease) in accrued consumption tax payable	384	(2,724)
Other	(8,147)	(14,382)
Subtotal	57,209	74,874
Interest and dividends received	1,073	998
Interest paid	(4,271)	(6,502)
Income taxes paid	(27,253)	(18,636)
Net cash provided by operating activities	26,757	50,734
II. Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(29,517)	(21,276)
Proceeds from sale of tangible fixed assets	1,804	4,571
Payment for acquisition of intangible fixed assets	(5,704)	(3,230)
Payment for loans receivable	(1,087)	(33)
Proceeds from return of loan receivable	1,479	1,540
Payment for acquisition of investment securities	(311)	(55)
Proceeds from sale of investment securities	79	5,253
Payment for other investments	(2,178)	(1,929)
Other	1,106	(2,327)
Net cash used in by investing activities	(34,329)	(17,487)
III. Cash flows from financing activities		
Net (decrease) increase in short-term loans payable	(1,547)	(4,026)
Proceeds from long-term loans payable	29,257	200
Repayment of long-term loans payable	(10,562)	(15,856)
Redemption of bonds	(18,354)	(5,054)
Payment to execute buyback of Company's stock	(191)	(239)
Proceeds from sale of Company's stock	15	33
Dividend payments	(5,310)	(5,265)
Other	—	(1,573)
Net cash used in financing activities	(6,693)	(31,781)
IV. Effect of exchange rate changes on cash and cash equivalents	839	(233)
V. Increase(decrease) in cash and cash equivalents	(13,426)	1,232
VI. Cash and cash equivalents at beginning of the period	83,704	85,236
VII. Increase in cash and cash equivalents due to newly consolidation subsidiaries	488	1,183
VIII. Cash and cash equivalents at end of the period	70,766	87,652

Note: For the purposes of comparison, the above nine months ended December 31, 2003 data includes Minolta's performance figures for the first half ended September 30, 2003. The combined totals of Konica and Minolta earnings are calculated on a gross basis and do not include consolidation adjustments.