

(3) Consolidated Statement of Cash Flows

[Millions of yen]

	Three months ended June 30, 2006	Three months ended June 30, 2007	Fiscal year ended March 31, 2007
I. Cash flows from operating activities			
Net income before income taxes and minority interests	22,286	27,490	104,890
Depreciation and amortization	12,032	13,947	52,692
Impairment loss	—	—	640
Amortization of consolidated goodwill	1,346	—	—
Amortization of goodwill	—	1,691	6,476
Increase (decrease) in allowance for doubtful accounts	811	(169)	(4,378)
Interest and dividend income	(579)	(794)	(2,316)
Interest expense	1,338	1,278	5,088
Loss (gain) on disposals and sale of tangible fixed assets	(232)	263	(4,484)
Loss (gain) on sale and disposals of investment securities	(585)	0	(2,717)
Loss (gain) on sale of stock of affiliated companies	—	(47)	(580)
Increase (decrease) in employees' retirement benefits	(1,126)	466	(8,383)
Increase (decrease) in loss reserve of discontinued operations	(8,535)	(1,703)	(29,980)
Loss on reserve of discontinued operations	—	—	935
(Increase) decrease in trade notes and accounts receivable	18,255	22,262	(976)
(Increase) decrease in inventories	914	(12,482)	19,262
Increase (decrease) in trade notes and accounts payable	(4,815)	(10,939)	(5,064)
Increase (decrease) in accrued consumption tax payable	1,162	2,316	(1,969)
Reversal of reserve for impairment of lease assets	(3,145)	(9)	(3,129)
Increase (decrease) on transfer of lease assets used in sales activities	(2,132)	(2,064)	(10,168)
Other	(17,021)	(745)	(17,700)
Subtotal	19,982	40,761	98,137
Interest and dividends received	(267)	876	2,473
Interest paid	(1,249)	(1,201)	(5,220)
Additional amount of special retirement allowance	(6,484)	—	(6,484)
Income taxes paid	(9,206)	(18,624)	(22,193)
Net cash provided by operating activities	2,774	21,811	66,712
II. Cash flows from investing activities			
Payment for acquisition of tangible fixed assets	(13,129)	(18,822)	(62,517)
Proceeds from sale of tangible fixed assets	1,223	186	12,064
Payment for acquisition of intangible fixed assets	(800)	(927)	(6,703)
Proceeds from sale of business	(421)	(182)	(2,744)
Payment for acquisition of new consolidated subsidiary	—	—	1,744
Payment for loans receivable	(86)	(23)	(891)
Proceeds from return of loan receivable	282	56	1,142
Payment for acquisition of investment securities	(101)	(10)	(1,411)
Proceeds from sale of investment securities	951	2	3,461
Payment for other investments	(374)	(568)	(2,129)
Other	1,472	166	1,585
Net cash used in investing activities	(10,984)	(20,123)	(56,401)
III. Cash flows from financing activities			
Net (decrease) increase in short-term loans payable	(3,667)	612	(53,125)
Repayment of long-term loans payable	(9)	(85)	(8,079)
Proceeds from issuing of bonds	—	—	70,300
Redemption of bonds	(3,252)	(54)	(14,002)
Payment to execute buyback of Company's stock	3	0	9
Proceeds from sale of Company's stock	(29)	(45)	(190)
Dividend payments	(0)	(5,307)	(12)
Dividend payments to minority shareholders	—	(36)	(70)
Net Cash used in financing activities	(6,955)	(4,916)	(5,170)

(3) Consolidated Statement of Cash Flows (continued)

[Millions of yen]

	Three months ended June 30, 2006	Three months ended June 30, 2007	Fiscal year ended March 31, 2007
IV. Effect of exchange rate changes on cash and cash equivalents	30	1,976	322
V. Increase (decrease) in cash and cash equivalents	(15,134)	(1,252)	5,463
VI. Cash and cash equivalents at beginning of the period	80,878	86,587	80,878
VII. Increase in cash and cash equivalents due to newly consolidated subsidiaries and others	216	—	245
VIII. Cash and cash equivalents at end of the period	65,960	85,334	86,587