

3. Consolidated Statement of Cash Flows

[Millions of yen]

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Fiscal year ended March 31, 2007
I. Cash flows from operating activities			
Net income before income taxes and minority interests	78,320	85,249	104,890
Depreciation and amortization	37,513	44,542	52,692
Impairment loss	—	465	640
Amortization of goodwill	5,073	5,422	6,476
Increase (decrease) in allowance for doubtful accounts	(2,961)	328	(4,378)
Interest and dividend income	(1,700)	(2,027)	(2,316)
Interest expense	3,968	3,310	5,088
Losses (gains) on disposals and sale of tangible fixed assets	(3,684)	450	(4,484)
Losses (gains) on valuation and sales of investment securities	(1,534)	2	(2,717)
Losses (gains) on valuation and sales of stock of affiliate companies	(1,200)	(33)	(580)
Increase (decrease) in retirement and severance benefits	(4,213)	1,679	(8,383)
Increase (decrease) in allowance for loss on discontinued operations	(22,095)	(11,570)	(29,980)
Loss on withdrawal from operations	—	—	935
(Increase) decrease in trade notes and accounts receivable	14,905	22,882	(976)
(Increase) decrease in inventories	6,422	(22,041)	19,262
Increase (decrease) in trade notes and accounts payable	(1,938)	(11,579)	(5,064)
Increase (decrease) in accrued consumption tax payable	(1,332)	(893)	(1,969)
Reversal of reserve for impairment of lease assets	(3,042)	(14)	(3,129)
Increase (decrease) on transfer of lease assets for business use	(6,960)	(7,547)	(10,168)
Other	(18,409)	(1,998)	(17,700)
Subtotal	77,129	106,627	98,137
Interest and dividends received	1,926	2,065	2,473
Interest paid	(3,937)	(3,199)	(5,220)
Additional amount of special retirement allowance	(6,484)	—	(6,484)
Income taxes paid	(25,078)	(31,600)	(22,193)
Net cash provided by operating activities	43,555	73,893	66,712
II. Cash flows from investing activities			
Payment for acquisition of tangible fixed assets	(44,990)	(44,997)	(62,517)
Proceeds from sale of tangible fixed assets	8,966	2,672	12,064
Payment for acquisition of intangible fixed assets	(3,147)	(3,190)	(6,703)
Payment for the purchase of additional stock of consolidated subsidiaries	(2,744)	(180)	(2,744)
Income from sale of subsidiaries due to changes in the scope of consolidation	2,331	—	1,744
Payment for acquisition of new consolidated subsidiaries on a change	—	(6,896)	—
Payment for loans receivable	(645)	(33)	(891)
Proceeds from return of loan receivable	560	205	1,142
Payment for acquisition of investment securities	(1,405)	(1,362)	(1,411)
Proceeds from sale of investment securities	2,633	15	3,461
Payment for other investments	(1,231)	(1,949)	(2,129)
Other	1,477	234	1,585
Net cash used in investing activities	(38,195)	(55,481)	(56,401)

III. Cash flows from financing activities			
Net (decrease) increase in short-term loans payable	(53,231)	10,740	(53,125)
Repayment of long-term loans payable	(5,220)	(14,281)	(8,079)
Proceeds from issuing of bonds	70,300	—	70,300
Redemption of bonds	(13,939)	(29)	(14,002)
Proceeds from sale of Company's stock	7	9	9
Payment to execute buyback of Company's stock	(157)	(263)	(190)
Dividend payments	(8)	(9,151)	(12)
Dividend payment to minority shareholders	(70)	(127)	(70)
<i>Net Cash used in financing activities</i>	(2,321)	(13,103)	(5,170)
IV. Effect of exchange rate changes on cash and cash equivalents	211	1,659	322
V. Increase (decrease) in cash and cash equivalents	3,250	6,967	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	241	100	245
VIII. Cash and cash equivalents at end of the period	84,370	93,654	86,587