

# consolidated statements of cash flows

NIKON CORPORATION AND CONSOLIDATED SUBSIDIARIES  
YEARS ENDED MARCH 31, 2004 AND 2003

	Millions of Yen		Thousands of U.S. Dollars (Note1)
	2004	2003	2004
<b>Operating activities:</b>			
Income (loss) before income taxes and minority interest	¥ 9,490	¥ (11,128)	\$ 89,787
Adjustments for:			
Income taxes-refund (paid)	(3,272)	1,695	(30,963)
Depreciation and amortization	20,145	20,367	190,605
Provision for employees' retirement benefits	1,440	2,457	13,623
Loss on sales or disposal of property, plant and equipment	778	650	7,362
Gain on sales of property, plant and equipment	(13,359)	(9,270)	(126,402)
Loss on sales of investment securities	486	2,041	4,602
Gain on sales of investment securities	(3,418)	(1,548)	(32,343)
Other-net	3,105	1,044	29,377
Change in assets and liabilities:			
Increase in notes and accounts receivable-trade	(19,374)	(2,223)	(183,311)
Increase in inventories	(15,985)	(20,298)	(151,249)
Increase in notes and accounts payable-trade	43,249	20,020	409,207
Other-net	(21,885)	5,597	(207,055)
Total adjustments	(8,090)	20,532	(76,547)
Net cash provided by operating activities	1,400	9,404	13,240
<b>Investing activities:</b>			
Capital expenditures	(18,186)	(19,760)	(172,067)
Proceeds from sales of property, plant and equipment	14,993	9,879	141,861
Purchases of investment securities	(15,246)	(6,147)	(144,253)
Proceeds from sales of investment securities	15,390	5,973	145,613
Net decrease (increase) in loans receivable	106	(77)	1,002
Other-net	(5,385)	(8,400)	(50,949)
Net cash used in investing activities	(8,328)	(18,532)	(78,793)
<b>Financing activities:</b>			
Net decrease in short-term borrowings	(15,907)	(52,756)	(150,501)
Proceeds from long-term debt	38,391	78,317	363,241
Repayments of long-term debt	(22,600)	(16,524)	(213,836)
Dividends paid	(5)	(8)	(50)
Other-net	(64)	(383)	(603)
Net cash provided by (used in) financing activities	(185)	8,646	(1,749)
Foreign currency translation adjustments on cash and cash equivalents	(1,179)	(681)	(11,152)
Net decrease in cash and cash equivalents	(8,292)	(1,163)	(78,454)
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	917	241	8,673
Cash and cash equivalents of eliminated consolidated subsidiary, beginning of year	(264)		(2,496)
Cash and cash equivalents of merged previously non-consolidated subsidiary	46		436
Cash and cash equivalents, beginning of year	23,692	24,614	224,167
Cash and cash equivalents, end of year	¥ 16,099	¥ 23,692	\$ 152,326

See Notes to Consolidated Financial Statements.