

# consolidated statements of cash flows

Nikon Corporation and Consolidated Subsidiaries  
Years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note1)
	2005	2004	2005
<b>Operating activities:</b>			
Income before income taxes and minority interest	¥ 33,443	¥ 9,490	\$ 311,419
Adjustments for:			
Income taxes-paid	(5,321)	(3,272)	(49,554)
Depreciation and amortization	19,626	20,145	182,752
Provision for employees' retirement benefits	(2,359)	1,440	(21,966)
Provision for retirement allowance for directors and corporate auditors	1,035		9,642
Loss on sales or disposal of property, plant and equipment	2,235	778	20,810
Gain on sales of property, plant and equipment	(6,063)	(13,359)	(56,453)
Loss on sales of investment securities	11	486	106
Gain on sales of investment securities	(438)	(3,418)	(4,078)
Other-net	1,830	3,105	17,031
Change in assets and liabilities:			
Increase in notes and accounts receivable-trade	(1,382)	(19,374)	(12,866)
Increase in inventories	(3,664)	(15,985)	(34,122)
Increase (decrease) in notes and accounts payable-trade	(7,137)	43,249	(66,456)
Other-net	15,313	(21,885)	142,593
Total adjustments	13,686	(8,090)	127,439
Net cash provided by operating activities	47,129	1,400	438,858
<b>Investing activities:</b>			
Capital expenditures	(19,102)	(18,186)	(177,877)
Proceeds from sales of property, plant and equipment	6,375	14,993	59,363
Purchases of investment securities	(518)	(15,246)	(4,825)
Proceeds from sales of investment securities	2,368	15,390	22,052
Net decrease in loans receivable	358	106	3,335
Other-net	(24)	(5,385)	(222)
Net cash used in investing activities	(10,543)	(8,328)	(98,174)
<b>Financing activities:</b>			
Net decrease in short-term borrowings	(6,723)	(15,907)	(62,606)
Proceeds from long-term debt	2,448	38,391	22,796
Repayments of long-term debt	(24,400)	(22,600)	(227,208)
Dividends paid	(2,951)	(5)	(27,481)
Other-net	(160)	(64)	(1,484)
Net cash used in financing activities	(31,786)	(185)	(295,983)
Foreign currency translation adjustments on cash and cash equivalents	498	(1,179)	4,638
Net increase (decrease) in cash and cash equivalents	5,298	(8,292)	49,339
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	196	917	1,824
Cash and cash equivalents of eliminated consolidated subsidiary, beginning of year	(86)	(264)	(803)
Cash and cash equivalents of merged previously non-consolidated subsidiary		46	
Cash and cash equivalents, beginning of year	16,099	23,692	149,914
Cash and cash equivalents, end of year	¥ 21,507	¥ 16,099	\$ 200,274