

Consolidated Statements of Cash Flows

Years Ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 87,293	¥ 91,063	\$ 825,933
Adjustments for:			
Income taxes—paid	(36,320)	(31,064)	(343,644)
Depreciation and amortization	35,663	31,731	337,427
Loss on disposal of property, plant and equipment	1,643	1,650	15,546
Loss on devaluation of land	897	8,697	8,486
Loss on devaluation of telephone subscription rights	1,519		14,367
Gain on sales of marketable and investment securities	(4,093)	(1)	(38,726)
Equity in earnings of affiliated companies	(531)	(722)	(5,020)
Changes in assets and liabilities, net of effects from newly consolidated subsidiaries:			
Increase in notes and accounts receivable	(9,470)	(1,668)	(89,599)
Decrease in inventories	977	513	9,242
(Decrease) increase in notes and accounts payable	(8,724)	7,150	(82,540)
Decrease in liability for employees' retirement benefits	(29,652)	(25,605)	(280,551)
Other—net	1,862	4,291	17,615
Total adjustments	(46,229)	(5,028)	(437,397)
Net cash provided by operating activities	41,064	86,035	388,536
INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment	687	759	6,497
Purchases of property, plant and equipment	(46,946)	(32,939)	(444,185)
Proceeds from sales of marketable and investment securities	6,704	6,399	63,427
Purchases of marketable and investment securities	(8)	(10,742)	(72)
Decrease (increase) in investments in and advances to non-consolidated subsidiaries and affiliates	6,626	(1,128)	62,691
Cash collected from long-term loans	2,684	3,033	25,397
Cash advanced for long-term loans	(3,579)	(2,582)	(33,866)
Other	(6,852)	(2,175)	(64,832)
Net cash used in investing activities	(40,684)	(39,375)	(384,943)
FINANCING ACTIVITIES:			
Proceeds from short-term bank loans	97	77	915
Repayments of short-term bank loans	(240)	(5,821)	(2,270)
Proceeds from long-term debt		5	
Repayments of long-term debt		(51,644)	
Dividends paid	(7,427)	(6,694)	(70,268)
Treasury stocks	(9,984)	(10,685)	(94,466)
Other	1,114	1,167	10,537
Net cash used in financing activities	(16,440)	(73,595)	(155,552)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS			
	(81)	(93)	(766)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,141)	(27,028)	(152,725)
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	779	4,118	7,374
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	132,393	155,303	1,252,656
CASH AND CASH EQUIVALENTS, END OF YEAR	¥117,031	¥132,393	\$1,107,305
NONCASH FINANCING ACTIVITIES:			
Proceeds from issuance of common stock upon conversion of convertible debt		¥ 8,496	

See notes to consolidated financial statements.