

Consolidated Statements of Cash Flows

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
	2008	2007	2008
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 98,996	¥104,890	\$ 988,083
Depreciation and amortization	60,443	52,692	603,284
Loss on impairment of fixed assets	5,702	640	56,912
Amortization of goodwill	7,171	6,476	71,574
Increase (decrease) in allowance for doubtful accounts	780	(4,378)	7,785
Interest and dividend income	(2,643)	(2,316)	(26,380)
Interest expense	4,465	5,088	44,565
Loss (gain) on sales and disposals of property, plant and equipment	3,224	(4,484)	32,179
Loss (gain) on sale and write-down of investment securities	293	(2,717)	2,924
Loss (gain) on sale and write-down of investments in affiliated companies	6	(580)	60
Patent-related income	(8,080)	—	(80,647)
Reversal of reserve for discontinued operations	(590)	—	(5,889)
Loss on discontinued operations	—	935	—
Legal-related expenses	625	—	6,238
Environmental expenses	1,856	—	18,525
Additional retirement expenses	460	—	4,591
Other extraordinary losses of overseas subsidiaries	1,731	—	17,277
Decrease in accrued retirement benefits	(4,462)	(8,383)	(44,535)
Decrease in reserve for discontinued operations	(16,370)	(29,980)	(163,390)
(Increase) decrease in trade notes and accounts receivable	11,157	(976)	111,358
(Increase) decrease in inventories	(6,422)	19,262	(64,098)
Decrease in trade notes and accounts payable	(2,027)	(5,064)	(20,232)
Increase (decrease) in accrued consumption tax payable	904	(1,969)	9,023
Reversal of reserve for loss on impairment of lease assets	(171)	(3,129)	(1,707)
Transfer of rental business-use assets	(11,847)	(10,168)	(118,245)
Other	7,468	(17,700)	74,538
Subtotal	152,674	98,137	1,523,845
Interest and dividend income received	2,681	2,473	26,759
Interest paid	(4,444)	(5,220)	(44,356)
Additional payments of retirement allowance	(355)	(6,484)	(3,543)
Income taxes paid	(27,543)	(22,193)	(274,908)
Net cash provided by operating activities	123,014	66,712	1,227,807
Cash Flows from Investing Activities:			
Payment for acquisition of property, plant and equipment	(62,969)	(62,517)	(628,496)
Proceeds from sales of property, plant and equipment	2,907	12,064	29,015
Payment for acquisition of intangible fixed assets	(5,864)	(6,703)	(58,529)
Payment for acquisition of additional shares of consolidated subsidiaries	(855)	(2,744)	(8,534)
Proceeds from sales of investments in consolidated subsidiaries	—	1,744	—
Payment for acquisition of newly consolidated subsidiaries	(6,832)	—	(68,190)
Payment for loans receivable	(113)	(891)	(1,128)
Proceeds from collection of loans receivable	265	1,142	2,645
Payment for acquisition of investment securities	(1,718)	(1,411)	(17,147)
Proceeds from sales of investment securities	35	3,461	349
Payment for acquisition of other investments	(2,609)	(2,129)	(26,041)
Other	939	1,585	9,372
Net cash used in investing activities	(76,815)	(56,401)	(766,693)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term loans payable	16,314	(53,125)	162,831
Repayment of long-term loans payable	(17,159)	(8,079)	(171,265)
Proceeds from issuance of bonds	—	70,300	—
Payment for redemption of bonds	(30)	(14,002)	(299)
Proceeds from disposal of treasury stock	16	9	160
Payment for purchase of treasury stock	(289)	(190)	(2,885)
Dividend payments	(9,271)	(12)	(92,534)
Dividend payments to minority shareholders in consolidated subsidiaries	(126)	(70)	(1,258)
Net cash used in financing activities	(10,545)	(5,170)	(105,250)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(347)	322	(3,463)
Increase in Cash and Cash Equivalents	35,305	5,463	352,380
Cash and Cash Equivalents at the Beginning of the Year	86,587	80,878	864,228
Increase in Cash and Cash Equivalents Due to Newly Consolidated Subsidiaries	294	245	2,934
Cash and Cash Equivalents at the End of the Year	¥122,187	¥ 86,587	\$1,219,553

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.