

Consolidated Statements of Cash Flows

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2004	2003	2004
Cash Flows from Operating Activities:			
Income before income taxes	¥ 32,363	¥ 24,728	\$ 306,207
Depreciation and amortization	44,386	28,497	419,964
Depreciation of consolidation goodwill	2,869	—	27,145
Decrease in allowance for doubtful receivables	(3,874)	(2,163)	(36,654)
Interest and cash dividend income	(1,003)	(1,051)	(9,490)
Interest expenses	5,190	4,484	49,106
Loss on sales or disposal of fixed assets, net	2,477	3,112	23,436
Loss on write-down or sales of investment securities	574	2,167	5,431
Amortization of unrecognized net obligation at transition	1,540	1,325	14,571
Prior periods' expenses of accrued retirement benefits for directors and corporate auditors	513	—	4,854
Gain on transfer to the government of the substitutional portion of pension liabilities	—	(8,081)	—
Additional contribution on withdrawals from the Welfare Pension Fund plans	513	543	(4,854)
Loss on transition to defined contribution plans from defined benefit plans	180	2,993	(1,703)
Provision of reserve for reorganization/liquidation expenses	—	5,637	—
Management integration rationalization expenses	5,022	—	47,516
(Increase) decrease in notes and accounts receivable	(3,210)	7,686	(30,372)
(Increase) decrease in inventories	(2,914)	2,187	(27,571)
Increase (decrease) in notes and accounts payable	(1,060)	3,337	(10,029)
Increase (decrease) in accrued consumption tax payable	(738)	155	(6,983)
Other	(4,585)	4,991	(43,382)
Subtotal	78,243	80,552	740,307
Interest and dividend income received	1,363	1,506	12,896
Interest expenses paid	(5,263)	(4,653)	(49,797)
Income taxes paid	(18,385)	(10,968)	(173,952)
Net cash provided by operating activities	55,957	66,437	529,445
Cash Flows from Investing Activities:			
Purchases of property, plant and equipment	(24,935)	(29,545)	(235,926)
Proceeds from sales of property, plant and equipment	6,102	2,177	57,735
Payment for acquisition of intangible assets	(6,383)	(3,669)	(60,394)
Payment for loans receivable	(1,451)	(5,743)	(13,729)
Proceeds from return of loans receivable	460	2,963	4,352
Payment for acquisition of investment securities	(39)	(706)	(369)
Proceeds from sales of investment securities	225	746	2,129
Payment for other investments	(3,296)	(3,533)	(31,186)
Other	533	(18)	5,043
Net cash used in investing activities	(28,784)	(37,328)	(272,344)
Cash Flows from Financing Activities:			
Net short-term debt	(11,090)	(19,551)	(104,930)
Proceeds from long-term debt	674	16,000	6,377
Redemption of long-term debt	(13,006)	(3,300)	(123,058)
Redemption of bonds	(5,054)	(15,354)	(47,819)
Proceeds from capital increase from minority interest	—	1,300	—
Payment for repurchase of treasury stocks	(286)	(204)	(2,706)
Proceeds from sale of treasury stocks	44	—	416
Dividends paid	(4,430)	(3,576)	(41,915)
Net cash used in financing activities	(33,149)	(24,685)	(313,644)
Effect of exchange rate changes on cash and cash equivalents	(1,317)	(206)	(12,461)
Increase (decrease) in cash and cash equivalents	(7,292)	4,216	(68,994)
Cash and cash equivalents at beginning of the year	51,876	47,659	490,832
Increase in cash and cash equivalents by new consolidation	667	—	6,311
Increase in cash and cash equivalents due to exchange of shares	38,453	—	363,828
Cash and cash equivalents at fiscal year-end	¥ 83,704	¥ 51,876	\$ 791,977

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