

## Consolidated Statements of Cash Flows

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries

For the fiscal years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
	2007	2006	2007
<b>Cash Flows from Operating Activities:</b>			
Income (loss) before income taxes and minority interests	¥104,890	¥(35,934)	\$ 888,522
Depreciation and amortization	52,692	51,198	446,353
Loss on impairment of fixed assets	640	4,143	5,421
Amortization of goodwill	6,476	5,595	54,858
Increase (decrease) in allowance for doubtful accounts	(4,378)	465	(37,086)
Interest and dividend income	(2,316)	(1,756)	(19,619)
Interest expenses	5,088	5,427	43,100
Loss (gain) on sales and disposals of tangible fixed assets	(4,484)	2,434	(37,984)
Gain on sale and write-down of securities	(2,717)	(1,099)	(23,016)
Gain on sales of investment in affiliated companies	(580)	—	(4,913)
Decrease in accrued retirement benefits	(8,383)	—	(71,012)
Decrease in reserve for discontinued operations	(29,980)	—	(253,960)
Loss on impairment of goodwill	—	2,361	—
Loss on discontinued operations	935	96,625	7,920
Provision for special outplacement program	—	6,484	—
(Increase) decrease in trade notes and accounts receivable	(976)	7,257	(8,268)
Decrease in inventories	19,262	22,032	163,168
Decrease in trade notes and accounts payable	(5,064)	(31,855)	(42,897)
Increase (decrease) in accrued consumption tax payable	(1,969)	400	(16,679)
Reversal of reserve for loss on impairment of leased assets	(3,129)	—	(26,506)
Transfer of rental business-use assets	(10,168)	(11,278)	(86,133)
Other	(17,700)	(9,449)	(149,936)
Subtotal	98,137	113,051	831,317
Interest and dividend income received	2,473	1,524	20,949
Interest paid	(5,220)	(5,488)	(44,219)
Payment for special outplacement program	(6,484)	—	(54,926)
Income taxes paid	(22,193)	(30,162)	(187,997)
Net cash provided by operating activities	66,712	78,924	565,116
<b>Cash Flows from Investing Activities:</b>			
Payment for acquisition of tangible fixed assets	(62,517)	(51,904)	(529,581)
Proceeds from sale of tangible fixed assets	12,064	5,551	102,194
Payment for acquisition of intangible fixed assets	(6,703)	(8,809)	(56,781)
Proceeds from sale of subsidiaries	—	8,599	—
Payment for acquisition of additional shares of consolidated subsidiaries	(2,744)	—	(23,244)
Proceeds from sales of investments in consolidated subsidiaries	1,744	—	14,773
Payment for acquisition of newly consolidated subsidiaries	—	(1,729)	—
Payment for loans receivable	(891)	(541)	(7,548)
Proceeds from collection of loan receivable	1,142	1,556	9,674
Payment for acquisition of investment securities	(1,411)	(42)	(11,953)
Proceeds from sales of investment securities	3,461	5,057	29,318
Payment for other investments	(2,129)	(3,236)	(18,035)
Other	1,585	2,352	13,427
Net cash used in investing activities	(56,401)	(43,146)	(477,772)
<b>Cash Flows from Financing Activities:</b>			
Net decrease in short-term loans payable	(53,125)	(25,819)	(450,021)
Proceeds from long-term loans payable	—	27,502	—
Repayment of long-term loans payable	(8,079)	(7,396)	(68,437)
Proceeds from issuance of bonds	70,300	9,184	595,510
Redemption of bonds	(14,002)	(17,536)	(118,611)
Proceeds from disposal of treasury stock	9	10	76
Payment for purchase of treasury stock	(190)	(135)	(1,609)
Dividend paid	(12)	(2,661)	(102)
Dividend paid to minority shareholders in consolidated subsidiaries	(70)	—	(593)
Net cash used in financing activities	(5,170)	(16,850)	(43,795)
Effect of exchange rate changes on cash and cash equivalents	322	2,463	2,728
Increase in cash and cash equivalents	5,463	21,391	46,277
Cash and cash equivalents at the beginning of the year	80,878	59,485	685,116
Increase in cash and cash equivalents due to newly consolidated subsidiaries	245	1	2,075
Cash and cash equivalents at the end of the year	¥ 86,587	¥ 80,878	\$ 733,477

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