

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries  
For the fiscal years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (note 3)
	2005	2004	2005
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥ 35,430	¥ 32,363	\$ 329,919
Depreciation and amortization	52,953	44,386	493,091
Amortization of consolidation goodwill	5,906	2,869	54,996
Decrease in allowance for doubtful receivables	101	(3,874)	940
Interest and dividend income	(1,353)	(1,003)	(12,599)
Interest expense	5,549	5,190	51,671
(Gain) loss on disposal of property, plant and equipment, net	4,010	2,477	37,341
(Gain) loss on sales or write-down of investment securities, net	(2,129)	574	(19,825)
Amortization of unrecognized transition benefit obligation	521	1,540	4,851
Prior periods' expenses of accrued retirement benefits for directors and corporate auditors	—	513	—
Additional contribution on withdrawals from the Welfare Pension Fund plans	—	513	—
(Gain) loss on transition to defined contribution plans from defined benefit plans	(160)	180	(1,490)
Management integration rationalization expenses	4,020	5,022	37,434
Restructuring expenses	4,851	—	45,172
Allowance for doubtful accounts	1,627	—	15,150
Amortization of consolidation goodwill	5,397	—	50,256
(Increase) decrease in notes and accounts receivable	(14,056)	(3,210)	(130,887)
(Increase) decrease in inventories	128	(2,914)	1,192
Increase (decrease) in notes and accounts payable	(9,239)	(1,060)	(86,032)
Increase (decrease) in accrued consumption tax payable	646	(738)	6,015
Other	(2,970)	(4,585)	(27,656)
Subtotal	91,235	78,243	849,567
Interest and dividend income received	1,417	1,363	13,195
Interest expenses paid	(5,524)	(5,263)	(51,439)
Income taxes paid	(31,447)	(18,385)	(292,830)
Net cash provided by operating activities	55,680	55,957	518,484
<b>Cash Flows from Investing Activities:</b>			
Payment for acquisition of property, plant and equipment	(46,585)	(24,935)	(433,793)
Proceeds from disposal of property, plant and equipment	3,604	6,102	33,560
Payment for intangible assets	(9,088)	(6,383)	(84,626)
Payment for acquisition of loans receivables	(1,670)	(1,451)	(15,551)
Proceeds from repayment of loans receivable	1,431	460	13,325
Payment for acquisition of investment securities	(348)	(39)	(3,241)
Proceeds from sales of investment securities	4,976	225	46,336
Payment for other investments	(3,395)	(3,296)	(31,614)
Other	1,732	533	16,128
Net cash outflow from investing activities	(49,343)	(28,784)	(459,475)
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term debt	(29,640)	(11,090)	(276,003)
Proceeds from long-term debt	29,257	674	272,437
Redemption of long-term debt	(14,535)	(13,006)	(135,348)
Proceeds from bonds	13,694	—	127,517
Redemption of bonds	(24,870)	(5,054)	(231,586)
Proceeds from disposal of treasury stocks	24	44	223
Payment for repurchase of treasury stocks	(233)	(286)	(2,170)
Dividends paid	(5,310)	(4,430)	(49,446)
Net cash outflow from financing activities	(31,614)	(33,149)	(294,385)
Effect of exchange rate changes on cash and cash equivalents	642	(1,317)	5,978
Decrease in cash and cash equivalents	(24,635)	(7,292)	(229,398)
Cash and cash equivalents at the beginning of the year	83,704	51,876	779,439
Increase in cash and cash equivalents by new consolidation	416	667	3,874
Increase in cash and cash equivalents due to share exchange	—	38,453	—
Cash and cash equivalents at fiscal year-end	¥ 59,485	¥ 83,704	\$ 553,916

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