

CONSOLIDATED STATEMENTS OF CASH FLOWS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2006 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
	2006	2005	2006
Cash Flows from Operating Activities:			
Income (loss) before income taxes and minority interest	¥ (35,934)	¥ 35,430	\$ (305,899)
Depreciation and amortization	51,198	52,953	435,839
Loss on impairment of fixed assets	4,143	—	35,269
Amortization of consolidation goodwill	5,595	5,906	47,629
Increase (decrease) in allowance for doubtful accounts	465	101	3,958
Interest and dividend income	(1,756)	(1,353)	(14,948)
Interest expenses	5,427	5,549	46,199
Loss (gain) on sale and disposal of property, plant and equipment	2,434	4,010	20,720
Loss (gain) on sale and write-down of investment securities, net	(1,099)	(2,129)	(9,356)
Amortization of unrecognized transition benefit obligations	—	521	—
Management integration rationalization expenses	—	4,020	—
(Gain) loss on transition to defined contribution plans from defined benefit plans	—	(160)	—
Restructuring expenses	—	4,851	—
Increase in allowance for doubtful accounts	—	1,627	—
Amortization of consolidation goodwill	2,361	5,397	20,099
Other losses	2,372	—	20,192
Payment for dissolution of business	96,625	—	822,550
Provision for special outplacement program	6,484	—	55,197
(Increase) decrease in notes and accounts receivable	7,257	(14,056)	61,777
(Increase) decrease in inventories	22,032	128	187,554
Increase (decrease) in notes and accounts payable	(31,855)	(9,239)	(271,176)
Increase (decrease) in accrued consumption tax payable	400	646	3,405
Increase (decrease) on transfer of lease assets used in sales activities	(11,278)	(16,731)	(96,007)
Other	(11,821)	13,761	(100,630)
Subtotal	113,051	91,235	962,382
Interest and dividend income received	1,524	1,417	12,974
Interest expenses paid	(5,488)	(5,524)	(46,718)
Income taxes paid	(30,162)	(31,447)	(256,763)
Net cash provided by operating activities	78,924	55,680	671,865
Cash Flows from Investing Activities:			
Payment for acquisition of property, plant and equipment	(51,904)	(46,585)	(441,849)
Proceeds from sale of property, plant and equipment	5,551	3,604	47,255
Payment for acquisition of intangible fixed assets	(8,809)	(9,088)	(74,989)
Proceeds from sale of business	8,599	—	73,202
Payment for acquisition of new consolidated subsidiaries	(1,729)	—	(14,719)
Payment for acquisition of loans	(541)	(1,670)	(4,605)
Proceeds from collection of loans	1,556	1,431	13,246
Payment for acquisition of investment securities	(42)	(348)	(358)
Proceeds from sales of investment securities	5,057	4,976	43,049
Payment for other investments	(3,236)	(3,395)	(27,547)
Other	2,352	1,732	20,022
Net cash used in investing activities	(43,146)	(49,343)	(367,294)
Cash Flows from Financing Activities:			
Increase (decrease) in short-term debt	(25,819)	(29,640)	(219,792)
Proceeds from long-term debt	27,502	29,257	234,119
Repayment of long-term debt	(7,396)	(14,535)	(62,961)
Proceeds from issuance of bonds	9,184	13,694	78,182
Redemption of bonds	(17,536)	(24,870)	(149,281)
Proceeds from disposal of treasury stocks	10	24	85
Payment for repurchase of treasury stocks	(135)	(233)	(1,149)
cash dividends	(2,661)	(5,310)	(22,653)
Net cash used in financing activities	(16,850)	(31,614)	(143,441)
Effect of exchange rate changes on cash and cash equivalents	2,463	642	20,967
Increase (decrease) in cash and cash equivalents	21,391	(24,635)	182,098
Cash and cash equivalents at the beginning of the year	59,485	83,704	506,385
Cash and cash equivalents of subsidiaries newly consolidated	1	416	9
Cash and cash equivalents at the end of the year	¥ 80,878	¥ 59,485	\$ 688,499

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