

**I-6) Statements of cash flows**

| Item  | Term | 1H of FY2008                         |                    | FY2007                           |                 |
|---|------|--------------------------------------|--------------------|----------------------------------|-----------------|
|   |      | (April 1, 2007 - September 30, 2007) |                    | (April 1, 2006 - March 31, 2007) |                 |
|   |      | (Yen millions)                       | (U.S.\$ thousands) | (Yen millions)                   |                 |
| <b>Cash flows from operating activities:</b>                                      |      |                                      |                    |                                  |                 |
| Net income  |      | 29,622                               | 34,626             | 301,096                          | 70,125          |
| Adjustments to reconcile net income to net cash provided by operating activities: |      |                                      |                    |                                  |                 |
| Depreciation and amortization   |      | 30,884                               | 33,112             | 287,930                          | 65,337          |
| Loss on disposal of property and equipment  |      | 1,011                                | 1,947              | 16,930                           | 2,649           |
| Deferred income taxes   |      | (727)                                | (1,623)            | (14,113)                         | (1,878)         |
| Loss (gain) on securities, net  |      | 195                                  | 1,504              | 13,078                           | 212             |
| Gain on business transfer to Imation Corp.  |      | -                                    | (14,922)           | (129,757)                        | -               |
| Changes in assets and liabilities, net of effects of acquisition of businesses:   |      |                                      |                    |                                  |                 |
| Decrease (increase) in trade receivables  |      | 5,140                                | (25,008)           | (217,461)                        | 11,241          |
| Decrease (increase) in inventories  |      | (2,547)                              | (10,822)           | (94,104)                         | 892             |
| Decrease (increase) in other current assets                                       |      | 3,826                                | (7,277)            | (63,278)                         | 6,202           |
| Increase (decrease) in trade payables   |      | 8,552                                | 18,471             | 160,618                          | (5,272)         |
| Increase (decrease) in accrued expenses   |      | (1,639)                              | 8,552              | 74,365                           | (7,068)         |
| Increase (decrease) in income taxes payables, net                                 |      | 1,579                                | 6,123              | 53,243                           | 4,004           |
| Increase (decrease) in retirement and severance benefits, net                     |      | 302                                  | 31                 | 270                              | (74)            |
| Other-net   |      | 2,520                                | (2,562)            | (22,278)                         | (887)           |
| <b>Net cash provided by operating activities</b>                                  |      | <b>78,718</b>                        | <b>42,152</b>      | <b>366,539</b>                   | <b>145,483</b>  |
| <b>Cash flows from investing activities:</b>                                      |      |                                      |                    |                                  |                 |
| Capital expenditures  |      | (35,980)                             | (38,242)           | (332,539)                        | (70,440)        |
| Proceeds from sale and maturity of short-term investments                         |      | 5,016                                | 15,877             | 138,061                          | 20,046          |
| Payment for purchase of short-term investments                                    |      | (15,028)                             | (28,824)           | (250,643)                        | (31,089)        |
| Proceeds from sale and maturity of investments in securities                      |      | 7                                    | 10                 | 87                               | 23              |
| Payment for purchase of investments in securities                                 |      | (1,348)                              | (3,099)            | (26,948)                         | (3,638)         |
| Transfer of businesses  |      | -                                    | (503)              | (4,374)                          | -               |
| Proceeds from sale of property, plant and equipment                               |      | 2,024                                | 2,786              | 24,226                           | 3,678           |
| Acquisition of minority interests   |      | (6)                                  | -                  | -                                | (6)             |
| Other-net   |      | 30                                   | (46)               | (400)                            | (62)            |
| <b>Net cash used in investing activities</b>                                      |      | <b>(45,285)</b>                      | <b>(52,041)</b>    | <b>(452,530)</b>                 | <b>(81,488)</b> |
| <b>Cash flows from financing activities:</b>                                      |      |                                      |                    |                                  |                 |
| Proceeds from long-term debt  |      | 123                                  | -                  | -                                | -               |
| Repayment of long-term debt   |      | (130)                                | (271)              | (2,356)                          | (2,143)         |
| Increase (decrease) in short-term debt, net                                       |      | (2,771)                              | (827)              | (7,191)                          | (1,456)         |
| Proceeds from exercise of stock options   |      | 500                                  | 860                | 7,478                            | 1,159           |
| Cash paid to acquire treasury stock   |      | (15)                                 | (39,239)           | (341,209)                        | (32)            |
| Dividends paid  |      | (6,613)                              | (7,946)            | (69,096)                         | (13,230)        |
| Other-net   |      | (115)                                | (325)              | (2,826)                          | (160)           |
| <b>Net cash used in financing activities</b>                                      |      | <b>(9,021)</b>                       | <b>(47,748)</b>    | <b>(415,200)</b>                 | <b>(15,862)</b> |
| Effect of exchange rate changes on cash and cash equivalents                      |      | 1,404                                | (2,066)            | (17,965)                         | 2,019           |
| <b>Net increase (decrease) in cash and cash equivalents</b>                       |      | <b>25,816</b>                        | <b>(59,703)</b>    | <b>(519,156)</b>                 | <b>50,152</b>   |
| Cash and cash equivalents at beginning of period                                  |      | 239,017                              | 289,169            | 2,514,513                        | 239,017         |
| Cash and cash equivalents at end of period  |      | 264,833                              | 229,466            | 1,995,357                        | 289,169         |

**Note:**

U.S.\$1=Yen 115, for convenience only.