

Consolidated Statements of Cash Flows

Mitsubishi Rayon Company, Limited and Consolidated Subsidiaries

Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	2009
Operating Activities:			
(Loss) income before income taxes and minority interests	¥(35,628)	¥27,820	\$(362,700)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	27,159	25,281	276,484
Loss on impairment of fixed assets	11,346	1,421	115,504
Goodwill amortization	719	744	7,320
Loss on business restructuring	2,228	—	22,681
Increase in allowance for loss on business restructuring	4,323	—	44,009
Decrease in retirement allowances	(336)	(996)	(3,421)
Decrease in prepaid pension expense	6,774	3,998	68,961
Increase (decrease) in allowance for doubtful accounts	294	(44)	2,993
Interest expense	2,148	2,043	21,867
Foreign currency translation adjustments	(5,240)	(116)	(53,344)
Interest and dividend income	(1,060)	(972)	(10,791)
Dividends received from affiliates	186	321	1,894
Equity in earnings of affiliates	463	(897)	4,713
Loss on sales and disposal of property, plant and equipment	938	1,120	9,549
(Gain) loss on sales of investment securities	(1,322)	627	(13,458)
Loss on revaluation of securities and investments	13,165	129	134,022
Insurance income	(280)	—	(2,850)
Loss on sales of stocks of affiliates	—	17	—
Loss on sales of shares of affiliates	—	137	—
Special retirement benefits	—	488	—
Legal settlement	—	679	—
Decrease in notes and accounts receivable	22,771	14,746	231,813
Decrease (increase) in inventories	7,927	(5,993)	80,698
(Decrease) increase in notes and accounts payable	(27,747)	(15,476)	(282,470)
Bonuses to directors and statutory auditors	—	(52)	—
Other, net	(3,027)	(3,224)	(30,815)
Subtotal	25,803	51,801	262,679
Interest and dividends received	1,061	1,010	10,801
Interest paid	(2,133)	(1,942)	(21,714)
Insurance income	280	—	2,850
Legal settlement paid	—	(679)	—
Special retirement benefits paid	—	(488)	—
Income taxes paid	(8,588)	(17,879)	(87,427)
Income taxes refunded	4,937	—	50,260
Net cash provided by operating activities	21,359	31,823	217,439
Investing Activities:			
Purchases of property, plant and equipment	(39,383)	(32,594)	(400,926)
Proceeds from sales of property, plant and equipment	129	491	1,313
Purchases of investment securities	(218)	(16,090)	(2,219)
Proceeds from sales of investment securities	3,112	1,124	31,681
Decrease (increase) in short-term loans receivable	3,009	(3,066)	30,632
Long-term loans advanced	—	(0)	—
Proceeds from collection of long-term loans	570	293	5,803
Other, net	(1,525)	(996)	(15,525)
Net cash used in investing activities	(34,305)	(50,839)	(349,231)
Financing Activities:			
Increase in short-term bank loans	33,813	1,903	344,223
Proceeds from long-term loans	20,796	25,000	211,707
Repayment of long-term loans	(5,780)	(3,621)	(58,841)
Proceeds from issuance of bonds	—	20,000	—
Acquisition of treasury stock	(146)	(10,133)	(1,486)
Cash dividends paid	(5,662)	(12,275)	(57,640)
Proceeds from issuance of common stock to minority shareholders	1,227	5,752	12,491
Other, net	101	(130)	1,028
Net cash provided by financing activities	44,350	26,494	451,491
Effect of exchange rate changes on cash and cash equivalents	(3,274)	(818)	(33,330)
Net increase in cash and cash equivalents	28,129	6,660	286,359
Cash and cash equivalents at beginning of year	17,361	10,701	176,738
Cash and cash equivalents at end of year (Note 4)	¥ 45,491	¥17,361	\$ 463,107

See accompanying notes to consolidated financial statements.