

**Consolidated Statements of Cash Flows**

Years ended March 31	Millions of Yen						
	2009	2008	2007	2006	2005	2004	2003
<b>Cash flows from operating activities:</b>							
Income (Loss) before income taxes and minority interests in consolidated subsidiaries:	(¥44,002)	¥217,791	¥137,802	¥115,070	¥106,604	¥70,804	¥43,821
Adjustments for:							
Depreciation and amortization	117,471	101,841	82,917	85,233	86,246	92,369	100,350
Additional depreciation of property, plant and equipment	1,759	331	353	2,932	1,462	3,190	2,801
Interest expense	13,659	15,312	12,432	11,009	10,856	13,060	16,522
Interest and dividend income	(10,441)	(8,938)	(6,245)	(6,007)	(4,751)	(3,932)	(5,135)
Equity in earnings of the non-consolidated subsidiaries and affiliates	5,061	(8,101)	(15,210)	(12,864)	(8,999)	(4,699)	(4,752)
Foreign exchange loss (gain), net	6,655	(2,216)	(19)	514	142	(158)	543
Loss(Gain) on sale and disposal of property, plant and equipment, net	(4,749)	5,434	2,615	3,126	8,639	(811)	(1,710)
Write-downs of other investment	-	-	-	2,869	-	-	-
Write-downs of securities and investment securities	11,499	161	692	2,208	3,601	656	13,360
Provision for prospective loss on removal of fixed assets	533	1,821	2,987	2,150	3,493	-	-
Loss on impairment of fixed assets	11,389	1,883	1,191	1,131	17,302	-	-
Gain on changes in equity of affiliated companies	-	(118,091)	-	-	-	-	-
Gain on sale of securities and investment securities	(2,737)	(1,049)	(6,905)	(2,195)	(2,499)	(4,359)	(6,271)
Increase in trade receivables	127,054	56,388	(63,196)	(13,264)	(1,312)	(22,455)	25,982
Increase in inventories	(13,841)	(36,437)	(37,993)	(34,301)	(25,090)	(8,552)	10,316
Increase in trade payables	(114,256)	(28,880)	27,934	45,615	63,340	23,596	(17,489)
Decrease in accrued retirement benefits	(20,504)	(24,701)	(22,910)	-	-	-	-
Amortization of transition amount under post-employment benefits accounting	-	-	-	-	8,061	8,341	9,031
Additional benefits for employees' early retirement	-	-	-	-	-	-	541
Gain on return of substituted portion of employee pension fund	-	-	-	-	-	-	(4,013)
Immediate recognition of reduction in prior service cost	-	-	-	-	-	-	-
Other, net	(1,284)	11,159	13,510	17,237	(11,748)	(7,324)	(18,812)
Sub total	96,315	183,708	129,955	220,463	255,347	159,726	165,085
Interest and dividends received	17,948	13,025	13,822	10,429	7,404	6,629	6,750
Interest paid	(13,822)	(15,821)	(11,904)	(11,394)	(10,842)	(13,252)	(16,719)
Income taxes paid	(24,292)	(24,739)	(68,530)	(39,775)	(29,088)	(8,111)	(22,636)
Net cash provided by operating activities	76,149	156,173	63,343	179,723	222,821	144,992	132,480
<b>Cash flows from investing activities:</b>							
Purchase of short-term investment securities	(57,980)	-	-	-	-	-	-
Proceeds from repayments of securities	49,506	6,412	-	13	2,751	7,721	3,783
Payments for purchases of property, plant and equipment	(138,452)	(172,005)	(112,167)	(94,265)	(67,873)	(64,689)	(88,657)
Proceeds from sales of property, plant and equipment	12,585	1,615	11,802	6,803	8,598	9,609	10,871
Payments for purchases of investment securities	(74,149)	(11,972)	(45,092)	(4,671)	(9,854)	(79,068)	(17,634)
Proceeds from sales of investment securities	14,022	11,483	9,687	11,558	11,525	16,613	12,921
Decrease in loans receivable, net	8,347	(5,825)	3,284	10,788	1,271	4,147	11,654
Proceeds from sales of business	-	-	-	-	535	28,961	-
Payments for purchases of securities	-	-	-	-	-	(2,731)	-
Other, net	(3,112)	(7,693)	(948)	(4,591)	(4,595)	3,730	10,991
Net cash used in investing activities	(189,233)	(177,985)	133,434	(74,365)	(57,642)	(75,707)	(56,071)
<b>Cash flows from financing activities:</b>							
Increase(Decrease) in short-term debt, net	110,179	(6,604)	65,513	(72,750)	(96,006)	(22,207)	(31,429)
Proceeds from issuance of long-term debt	179,315	180,465	134,606	77,446	69,733	107,368	91,447
Repayments of long-term debt	(78,998)	(84,621)	(100,446)	(81,682)	(132,027)	(144,664)	(144,894)
Cash dividends paid	(22,026)	(20,544)	(20,555)	(19,570)	(8,701)	(6,527)	-
Other, net	(8,944)	2,175	(4,626)	(625)	(4,305)	(4,222)	(8,109)
Net cash provided by(used in) financing activities	179,526	70,871	74,492	(97,181)	(171,306)	(70,252)	(92,985)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(9,429)	296	1,791	1,429	414	(305)	(521)
<b>Net increase (decrease) in cash and cash equivalents</b>	57,013	49,355	6,192	9,606	(5,713)	(1,272)	(17,097)
<b>Cash and cash equivalents at beginning of the year</b>	165,748	67,995	61,547	52,575	57,538	59,317	74,967
<b>Effect of adjustment of scope of consolidation on cash and cash equivalents at beginning of the year</b>	3,649	48,398	256	(634)	750	(507)	1,447
<b>Cash and cash equivalents at end of the year</b>	¥226,410	¥165,748	¥67,995	¥61,547	¥52,575	¥57,538	¥59,317

Notes: Financial results of Mitsubishi Chemical Holdings Corporation (MCHC) for the fiscal year ended March 31, 2006 comprise Mitsubishi Chemical Corporation's (MCC) consolidated financial results for the first half and MCHC's consolidated financial results for the second half of the year.