

**66 Consolidated Statements of Cash Flows**

Nippon Mining Holdings, Inc. and its consolidated subsidiaries  
Fiscal years ended March 31, 2007 and 2008

	Millions of yen		Thousands of
	2007	2008	U.S. dollars (Note 1 - A)
<b>Cash flows from operating activities:</b>			<b>2008</b>
Income before income taxes and minority interests	¥220,082	¥ 188,295	\$ 1,879,379
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	48,808	60,303	601,886
Impairment losses	1,877	2,678	26,729
Equity in income of non-consolidated subsidiaries and affiliates	(94,895)	(91,927)	(917,527)
Gain on sales of investments in securities	(13,629)	(3,407)	(34,005)
Loss on write-down of investments in securities	1,256	447	4,462
Loss on sales and disposal of property, plant and equipment, net	3,229	1,549	15,461
Reorganization and restructuring costs	5,204	—	—
Other, net	(5,755)	(12,076)	(120,531)
Changes in operating assets and liabilities:			
Trade receivables	(36,331)	(51,906)	(518,076)
Inventories	(42,631)	(65,842)	(657,171)
Trade payables	(23,951)	40,015	399,391
Accrued consumption tax	12,979	8,558	85,418
Other, net	(26,109)	(26,095)	(260,455)
Receipts of interest and dividends	68,762	70,476	703,423
Payments for income taxes	(76,318)	(64,075)	(639,535)
Payments for special retirement benefit	(1,378)	(163)	(1,627)
Net cash provided by operating activities	41,200	56,830	567,222
<b>Cash flows from investing activities:</b>			
Decrease (increase) in time deposits, net	186	(2)	(20)
Proceeds from sales of securities	1	—	—
Payments for acquisition of investments in securities	(1,083)	(20,131)	(200,928)
Proceeds from sales or maturities of investments in securities	14,758	9,260	92,424
Net payments for acquisition of business assets (Note 9)	(22,338)	—	—
Net payments for acquisition of investments in newly consolidated subsidiaries (Note 9)	(14,013)	—	—
Payments for acquisition of property, plant and equipment	(78,056)	(103,735)	(1,035,383)
Proceeds from sales of property, plant and equipment	4,335	6,126	61,144
Payments for acquisition of intangible assets	(7,995)	(8,273)	(82,573)
Payments for long-term prepaid expenses	(1,888)	(1,064)	(10,620)
Decrease (increase) in short-term loans, net	1,028	(462)	(4,611)
Payments for lending of long-term loans	(279)	(1,092)	(10,899)
Collection of long-term loans	7,423	6,747	67,342
Other, net	345	(1,765)	(17,617)
Net cash used in investing activities	(97,576)	(114,391)	(1,141,741)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term borrowings, net	58,679	(7,530)	(75,157)
Increase (decrease) in commercial paper, net	(15,000)	100,000	998,104
Proceeds from borrowings of long-term bank loans and other	29,702	105,185	1,049,855
Repayments of long-term bank loans and other	(82,819)	(106,147)	(1,059,457)
Proceeds from issuance of bonds	—	15,000	149,716
Proceeds from issuance of stock	67,738	—	—
Proceeds from issuance of stock to minority shareholders	13,090	1,534	15,311
Proceeds from third-party share allotment of consolidated subsidiary	4,000	—	—
Cash dividends paid	(20,137)	(14,841)	(148,129)
Cash dividends paid to minority shareholders	(17,369)	(18,448)	(184,130)
Other, net	(483)	(335)	(3,344)
Net cash provided by financing activities	37,401	74,418	742,769
Effect of exchange rate changes on cash and cash equivalents	(135)	432	4,312
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(19,110)</b>	<b>17,289</b>	<b>172,562</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>63,857</b>	<b>45,249</b>	<b>451,632</b>
Increase in cash and cash equivalents related to subsidiaries newly included in consolidation	469	80	798
Increase in cash and cash equivalents related to merger of consolidated subsidiaries	33	3	30
<b>Cash and cash equivalents at end of year</b>	<b>¥ 45,249</b>	<b>¥ 62,621</b>	<b>\$ 625,022</b>

The accompanying notes are an integral part of these financial statements.