

Japan Vilene Company, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows Years Ended March 31, 2005 and 2004

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	<u>2005</u>	<u>2004</u>	<u>2005</u>
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	<u>¥ 3,299</u>	<u>¥ 3,214</u>	<u>\$ 30,832</u>
Adjustments for:			
Income taxes paid	(174)	(452)	(1,626)
Interest expense	157	239	1,467
Interest paid	(151)	(302)	(1,411)
Depreciation and amortization	2,002	2,162	18,710
Loss on sales and disposal of property, plant and equipment	162	212	1,514
Loss on revaluation of land, buildings and structures		170	
Gain on sales of investment securities	(80)	(114)	(748)
Increase in liability for retirement benefits	34	376	318
Equity in earnings of associated companies, net of dividends received	(393)	(439)	(3,673)
Gain on transfer of the substitutional portion of the governmental pension program		(1,146)	
Loss from termination of joint venture	130		1,215
Changes in assets and liabilities:			
(Increase) decrease in trade notes and accounts receivable	(992)	348	(9,271)
(Increase) decrease in inventories	(262)	34	(2,449)
Increase in trade notes and accounts payable	1,018	152	9,514
Other—net	<u>(681)</u>	<u>(351)</u>	<u>(6,364)</u>
Total adjustments	<u>770</u>	<u>889</u>	<u>7,196</u>
Net cash provided by operating activities	<u>4,069</u>	<u>4,103</u>	<u>38,028</u>
INVESTING ACTIVITIES:			
Decrease in time deposits—net		4	
Capital expenditures	(2,301)	(1,741)	(21,505)
Proceeds from sales of property, plant and equipment	274	344	2,561
Purchase of investment securities	(21)	(23)	(196)
Proceeds from sales of investment securities	167	561	1,560
Disbursements for loans	(18)	(18)	(168)
Proceeds from repayment of loans	92	36	860
Other—net	<u>34</u>	<u>384</u>	<u>318</u>
Net cash used in investing activities	<u>(1,773)</u>	<u>(453)</u>	<u>(16,570)</u>
FORWARD	<u>¥ 2,296</u>	<u>¥ 3,650</u>	<u>\$ 21,458</u>

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FORWARD	<u>¥ 2,296</u>	<u>¥ 3,650</u>	<u>\$ 21,458</u>
FINANCING ACTIVITIES:			
Decrease in short-term bank loans—net	(2,021)	(2,247)	(18,888)
Proceeds from issuance of long-term debt	216		2,019
Repayments of long-term debt	(118)	(637)	(1,103)
Redemption of bond		(1,905)	
Repurchase of treasury stock	(23)	(13)	(215)
Disposal of treasury stock	100	71	934
Dividends paid	(582)	(258)	(5,439)
Dividends paid for minority interests	<u>(10)</u>	<u>(10)</u>	<u>(93)</u>
Net cash used in financing activities	<u>(2,438)</u>	<u>(4,999)</u>	<u>(22,785)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(142)	(1,349)	(1,327)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(11)	(38)	(102)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,648</u>	<u>5,035</u>	<u>34,093</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 3,495</u>	<u>¥ 3,648</u>	<u>\$ 32,664</u>

See notes to consolidated financial statements.