

Japan Vilene Company, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows Years Ended March 31, 2006 and 2005

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	<u>2006</u>	<u>2005</u>	<u>2006</u>
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	<u>¥ 3,826</u>	<u>¥ 3,299</u>	<u>\$ 32,701</u>
Adjustments for:			
Income taxes paid	(1,025)	(174)	(8,761)
Interest expense	129	157	1,103
Interest paid	(132)	(151)	(1,128)
Depreciation and amortization	1,913	2,002	16,350
Loss on sales and disposal of property, plant and equipment	157	162	1,342
Gain on sales of investment securities—net	(71)	(80)	(607)
(Decrease) increase in liability for retirement benefits	(659)	34	(5,633)
Equity in earnings of associated companies, net of dividends received	(595)	(393)	(5,085)
Loss on impairment of long-lived assets	110		940
Loss from termination of joint venture		130	
Changes in assets and liabilities:			
Increase in trade notes and accounts receivable	(299)	(992)	(2,556)
Increase in inventories	(457)	(262)	(3,906)
(Decrease) increase in trade notes and accounts payable	(97)	1,018	(829)
Other—net	614	(681)	5,248
Total adjustments	<u>(412)</u>	<u>770</u>	<u>(3,522)</u>
Net cash provided by operating activities	<u>3,414</u>	<u>4,069</u>	<u>29,179</u>
INVESTING ACTIVITIES:			
Capital expenditures	(2,161)	(2,301)	(18,470)
Proceeds from sales of property, plant and equipment	12	274	103
Purchase of investment securities	(35)	(21)	(299)
Proceeds from sales of investment securities	120	167	1,026
Disbursements for loans		(18)	
Proceeds from repayment of loans	79	92	675
Other—net	<u>(25)</u>	<u>34</u>	<u>(214)</u>
Net cash used in investing activities	<u>(2,010)</u>	<u>(1,773)</u>	<u>(17,179)</u>
FORWARD	<u>¥ 1,404</u>	<u>¥ 2,296</u>	<u>\$ 12,000</u>

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FORWARD	<u>¥ 1,404</u>	<u>¥ 2,296</u>	<u>\$ 12,000</u>
FINANCING ACTIVITIES:			
Decrease in short-term bank loans—net	(1,351)	(2,021)	(11,547)
Proceeds from issuance of long-term debt	140	216	1,197
Repayments of long-term debt	(187)	(118)	(1,598)
Repurchase of treasury stock	(33)	(23)	(282)
Disposal of treasury stock	13	100	111
Dividends paid	(519)	(582)	(4,436)
Dividends paid for minority interests	<u>(5)</u>	<u>(10)</u>	<u>(43)</u>
Net cash used in financing activities	<u>(1,942)</u>	<u>(2,438)</u>	<u>(16,598)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(538)	(142)	(4,598)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	86	(11)	734
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,495</u>	<u>3,648</u>	<u>29,872</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 3,043</u>	<u>¥ 3,495</u>	<u>\$ 26,008</u>

See notes to consolidated financial statements.