

Japan Vilene Company, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended March 31, 2007 and 2006

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	<u>2007</u>	<u>2006</u>	<u>2007</u>
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 4,594	¥ 3,826	\$ 38,932
Adjustments for:			
Income taxes paid	(1,302)	(1,025)	(11,034)
Depreciation and amortization	2,068	1,913	17,525
Loss on sales and disposal of property, plant and equipment—net	57	157	483
Loss (gain) on sales of investment securities—net	3	(71)	25
Decrease in liability for retirement benefits	(546)	(659)	(4,627)
Equity in earnings of associated companies, net of dividends received	(130)	(595)	(1,102)
Loss on impairment of long-lived assets		110	
Changes in assets and liabilities:			
Increase in trade notes and accounts receivable	(241)	(299)	(2,042)
Increase in inventories	(545)	(457)	(4,618)
Increase (decrease) in trade notes and accounts payable	459	(97)	3,890
Other—net	53	611	449
Total adjustments	<u>(124)</u>	<u>(412)</u>	<u>(1,051)</u>
Net cash provided by operating activities	<u>4,470</u>	<u>3,414</u>	<u>37,881</u>
INVESTING ACTIVITIES:			
Capital expenditures	(3,292)	(2,161)	(27,898)
Proceeds from sales of property, plant and equipment	20	12	170
Purchase of investment securities	(19)	(35)	(161)
Proceeds from sales of investment securities	9	120	76
Proceeds from repayment of loans	48	79	407
Other—net	114	(25)	966
Net cash used in investing activities	<u>(3,120)</u>	<u>(2,010)</u>	<u>(26,440)</u>
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans—net	222	(1,351)	1,881
Proceeds from issuance of long-term debt	698	140	5,915
Repayments of long-term debt	(388)	(187)	(3,288)
Repurchase of treasury stock	(18)	(33)	(152)
Disposal of treasury stock	4	13	34
Dividends paid	(779)	(519)	(6,602)
Dividends paid for minority interests	(17)	(5)	(144)
Net cash used in financing activities	<u>(278)</u>	<u>(1,942)</u>	<u>(2,356)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS—(Forward)	¥ 1,072	¥ (538)	\$ 9,085

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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS—(Forward)	¥ 1,072	¥ (538)	\$ 9,085
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3	86	25
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,043</u>	<u>3,495</u>	<u>25,788</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 4,118</u>	<u>¥ 3,043</u>	<u>\$ 34,898</u>

See notes to consolidated financial statements.