

## Japan Vilene Company, Ltd. and Subsidiaries

### Consolidated Statements of Cash Flows Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2008</u>	<u>2007</u>	<u>2008</u>
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	<u>¥ 4,157</u>	<u>¥ 4,594</u>	<u>\$ 41,570</u>
Adjustments for:			
Income taxes paid	(1,657)	(1,302)	(16,570)
Depreciation and amortization	2,565	2,068	25,650
Loss on sales and disposal of property, plant and equipment—net	69	57	690
Loss on sales of investment securities—net		3	
Decrease in liability for retirement benefits	(552)	(546)	(5,520)
Equity in earnings of associated companies, net of dividends received	420	(130)	4,200
Loss on impairment of long-lived assets	281		2,810
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	901	(241)	9,010
Increase in inventories	(191)	(545)	(1,910)
(Decrease) increase in trade notes and accounts payable	(866)	459	(8,660)
Other—net	<u>(362)</u>	<u>53</u>	<u>(3,620)</u>
Total adjustments	<u>608</u>	<u>(124)</u>	<u>6,080</u>
Net cash provided by operating activities	<u>4,765</u>	<u>4,470</u>	<u>47,650</u>
<b>INVESTING ACTIVITIES:</b>			
Decrease in time deposits—net	4		40
Capital expenditures	(3,278)	(3,292)	(32,780)
Proceeds from sales of property, plant and equipment	66	20	660
Purchase of investment securities	(86)	(19)	(860)
Proceeds from sales of investment securities	1	9	10
Disbursements for loans	(130)		(1,300)
Proceeds from repayment of loans	165	48	1,650
Other—net	<u>43</u>	<u>114</u>	<u>430</u>
Net cash used in investing activities	<u>(3,215)</u>	<u>(3,120)</u>	<u>(32,150)</u>
<b>FORWARD</b>	<u>¥ 1,550</u>	<u>¥ 1,350</u>	<u>\$ 15,500</u>

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FINANCING ACTIVITIES:			
Increase in short-term bank loans—net	123	222	1,230
Proceeds from issuance of long-term debt		698	
Repayments of long-term debt	(2,205)	(388)	(22,050)
Repurchase of treasury stock	(13)	(18)	(130)
Disposal of treasury stock		4	
Dividends paid	(779)	(779)	(7,790)
Dividends paid for minority interests	<u>(13)</u>	<u>(17)</u>	<u>(130)</u>
Net cash used in financing activities	<u>(2,887)</u>	<u>(278)</u>	<u>(28,870)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,337)	1,072	(13,370)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(42)	3	(420)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,118</u>	<u>3,043</u>	<u>41,180</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 2,739</u>	<u>¥ 4,118</u>	<u>\$ 27,390</u>

See notes to consolidated financial statements.