

Consolidated Statement of Cash Flows

Nabtesco Corporation

Year ended March 31, 2005 and 2004

	2005	2004	2005
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Operating activities:			
Income before income taxes and minority interests	¥9,225	¥6,600	\$85,902
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	4,546	4,566	42,332
(Reversal of) provision for retirement allowances	(1,076)	1,439	(10,020)
(Reversal of) provision for allowance for doubtful receivables	(61)	14	(568)
Equity in earnings of affiliates	(231)	(839)	(2,151)
Interest and dividend income	(99)	(81)	(922)
Interest expense	462	617	4,302
Gain on sale of property, plant and equipment	(385)	(16)	(3,585)
Gain on sale of investment in securities	(0)	(121)	(0)
Compensation for withdrawal from certain business	(421)	—	(3,920)
Foreign exchange loss	0	6	0
Loss on disposal of property, plant and equipment	1,381	710	12,860
Loss on devaluation of investment in securities	13	62	121
Loss on devaluation of golf club membership rights	14	100	130
Cancellation charges on early termination of facility	335	—	3,119
Provision of allowance for soil quality improvement loss	1,160	—	10,802
Bonuses to directors	(81)	(54)	(754)
Changes in operating assets and liabilities:			
Trade notes and accounts receivable	(4,820)	2,941	(44,883)
Inventories	(772)	864	(7,189)
Other assets	251	1,274	2,337
Notes and accounts payable – trade	3,812	(317)	35,497
Consumption tax payable	145	(64)	1,350
Other liabilities	282	(343)	2,626
Sub-total	13,680	17,358	127,386
Interest and dividends received	306	127	2,849
Interest paid	(513)	(629)	(4,776)
Income taxes paid	(2,370)	(1,105)	(22,069)
Net cash provided by operating activities	11,103	15,751	103,390
Investing activities:			
Purchases of property, plant and equipment	(4,494)	(4,382)	(41,847)
Proceeds from sale of property, plant and equipment	1,551	730	14,443
Purchases of investments in securities	(1,578)	(703)	(14,694)
Proceeds from sale of investments in securities	21	640	195
Other, net	(70)	(89)	(652)
Net cash used in investing activities	(4,570)	(3,804)	(42,555)
Financing activities:			
Net decrease in short-term bank loans	(251)	(1,496)	(2,337)
Proceeds from long-term debt	3,000	192	27,936
Repayments of long-term debt	(4,506)	(3,351)	(41,959)
Repayments of bonds	(5,000)	—	(46,559)
Proceeds from issuance of common stock	—	144	—
Purchases of treasury stock	(82)	(111)	(764)
Proceeds from sale of treasury stock	4	99	37
Stock transfer payments	—	(318)	—
Cash dividends paid	(974)	(495)	(9,070)
Net cash used in financing activities	(7,809)	(5,336)	(72,716)
Effect of exchange rate changes on cash and cash equivalents	19	(64)	176
(Decrease) increase in cash and cash equivalents	(1,257)	6,547	(11,705)
Cash and cash equivalents at beginning of year (Note 4)	14,477	7,930	134,808
Increase in cash and cash equivalents due to addition of consolidated subsidiaries	815	—	7,589
Cash and cash equivalents at end of year (Note 4)	¥14,035	¥14,477	\$130,692

See accompanying notes to consolidated financial statements.