

Consolidated Statements of Cash Flows

Nabtesco Corporation

Years ended March 31, 2006 and 2005

	2006	2005	2006
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Operating activities:			
Income before income taxes and minority interests	¥ 14,288	¥ 9,225	\$ 121,631
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	4,613	4,546	39,270
(Reversal of) provision for retirement allowances	328	(1,076)	2,792
Reversal of provision for allowance for doubtful receivables	(60)	(61)	(511)
Equity in earnings (loss) of affiliates	101	(231)	860
Interest and dividend income	(156)	(99)	(1,328)
Interest expense	342	462	2,911
Gain on sale of property, plant and equipment	(63)	(385)	(536)
Gain on sale of investment in affiliates	(563)	-	(4,793)
Gain on sale of investment in securities	(0)	(0)	(0)
Compensation for withdrawal from certain business	-	(421)	-
Foreign exchange (gain) loss	(6)	0	(51)
Loss on disposal of property, plant and equipment	214	1,381	1,822
Loss on sales of investment in securities	1	-	9
Loss on devaluation of investment in securities	-	13	-
Loss on devaluation of golf club membership rights	4	14	34
Cancellation charges on early termination of facility	-	335	-
Provision of allowance for soil quality improvement loss	-	1,160	-
Environmental cost	134	-	1,141
Loss on liquidation of a consolidated subsidiary	507	-	4,316
Bonuses to directors	(81)	(81)	(690)
Changes in operating assets and liabilities:			
Trade notes and accounts receivable	336	(4,820)	2,860
Inventories	(1,990)	(772)	(16,940)
Other assets	789	251	6,716
Notes and accounts payable - trade	58	3,812	494
Consumption tax payable	(197)	145	(1,677)
Other liabilities	613	282	5,218
Sub-total	19,212	13,680	163,548
Interest and dividends received	203	306	1,728
Interest paid	(383)	(513)	(3,260)
Income taxes paid	(2,626)	(2,370)	(22,355)
Net cash provided by operating activities	16,406	11,103	139,661
Investing activities:			
Purchases of property, plant and equipment	(5,261)	(4,494)	(44,786)
Proceeds from sale of property, plant and equipment	299	1,551	2,545
Purchases of investments in securities	(403)	(1,578)	(3,431)
Proceeds from sale of investments in securities	1	21	9
Proceeds from sale of investments in affiliates	774	-	6,589
Other, net	(306)	(70)	(2,605)
Net cash used in investing activities	(4,896)	(4,570)	(41,679)
Financing activities:			
Net decrease in short-term bank loans	(280)	(251)	(2,384)
Proceeds from long-term debt	3,000	3,000	25,538
Repayments of long-term debt	(8,692)	(4,506)	(73,993)
Repayments of bonds	-	(5,000)	-
Purchases of treasury stock	(160)	(82)	(1,362)
Proceeds from sale of treasury stock	3	4	26
Cash dividends paid	(1,144)	(974)	(9,739)
Net cash used in financing activities	(7,273)	(7,809)	(61,914)
Effect of exchange rate changes on cash and cash equivalents	204	19	1,737
Increase (decrease) in cash and cash equivalents	4,441	(1,257)	37,805
Cash and cash equivalents at beginning of year (Note 4)	14,035	14,477	119,477
Increase in cash and cash equivalents due to addition of consolidated subsidiaries	21	815	179
Cash and cash equivalents at end of year (Note 4)	¥ 18,497	¥ 14,035	\$ 157,461

See accompanying notes to consolidated financial statements.