

## Consolidated Statements of Cash Flows

AISIN SEIKI CO., LTD. and Its Consolidated Subsidiaries  
Years ended March 31, 2005 and 2004

	Millions of Yen		Millions of U.S. Dollars
	2005	2004	2005
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interest	¥ 92,730	¥ 77,335	\$ 863
Adjustment for:			
Depreciation and amortization	105,969	97,564	987
Impairment loss of fixed assets	5,728	—	53
Increase in allowance for retirement benefits	1,492	2,323	14
Increase in allowance for retirement and severance benefits for directors and corporate auditors	2,088	126	19
Interest and dividend income	(2,510)	(2,388)	(23)
Interest expenses	2,337	2,394	22
Investment profit on equity method	(5,548)	(2,691)	(52)
Loss on disposal of property, plant and equipment	4,677	3,373	44
Increase in trade notes and accounts receivable	(29,545)	(18,416)	(275)
Increase in inventories	(23,116)	(5,406)	(215)
Increase in trade notes and accounts payable	20,040	26,599	187
Decrease (Increase) in prepaid pension expense	108	(9,394)	1
Decrease in long-term accrued expenses	(7,838)	(7,761)	(73)
Others	7,107	962	66
Subtotal	173,719	164,620	1,618
Interest and dividend income received	2,933	2,802	27
Interest paid	(2,411)	(2,319)	(22)
Income taxes paid	(31,565)	(32,204)	(294)
<b>Net cash provided by operating activities</b>	<b>142,676</b>	<b>132,899</b>	<b>1,329</b>
<b>Cash flows from investing activities:</b>			
Decrease in time deposit and short-term investments	(3,437)	(3,254)	(32)
Payments for purchase of property, plant and equipment	(162,328)	(147,586)	(1,512)
Proceeds from sales of property, plant and equipment	5,364	4,415	50
Payments for purchase of investments in securities	(13,147)	(9,057)	(123)
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	(35)	(6,949)	0
Proceeds of acquisition of subsidiaries' stock resulting in change in scope of consolidation	320	—	3
Proceeds of sales of investments in securities	1,253	2,446	12
Proceeds of redemption at maturity of investments in securities	2,329	3,763	22
Increase in loans	(637)	(686)	(6)
Decrease in loans	750	1,544	7
Others	(5,250)	(5,434)	(49)
<b>Net cash used in investing activities</b>	<b>(174,818)</b>	<b>(160,798)</b>	<b>(1,628)</b>
<b>Cash flows from financing activities:</b>			
Increase (Decrease) in short-term borrowings	2,318	(11,073)	22
Proceeds from long-term debt	32,687	62,078	304
Repayments of long-term debt	(2,171)	(7,399)	(20)
Proceeds from issuance of bonds payable	—	10,650	—
Repayments of bonds payable	(5,000)	(5,037)	(47)
Contributions from minority shareholders	1,036	1,014	10
Cash dividends paid	(5,621)	(4,339)	(52)
Cash dividends paid to minority shareholders	(2,319)	(1,652)	(22)
Proceeds from sales of treasury stocks	1,405	—	13
Payments for purchase of treasury stocks	(30)	(18)	0
Others	—	0	—
<b>Net cash provided by used in financing activities</b>	<b>22,305</b>	<b>44,224</b>	<b>208</b>
<b>Translation adjustment of cash and cash equivalents</b>	<b>24</b>	<b>(1,843)</b>	<b>0</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(9,813)</b>	<b>14,482</b>	<b>(91)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>126,214</b>	<b>111,732</b>	<b>1,175</b>
<b>Cash and cash equivalents at end of year</b>	<b>¥ 116,401</b>	<b>¥ 126,214</b>	<b>\$ 1,084</b>

The accompanying notes are an integral part of these consolidated financial statements.