

Consolidated Statements of Cash Flows

AISIN SEIKI CO., LTD. and Its Subsidiaries
Years ended March 31, 2006 and 2005

	Millions of Yen		Millions of U.S. Dollars
	2006	2005	2006
Cash flows from operating activities:			
Income before income taxes and minority interest	¥ 125,097	¥ 92,730	\$ 1,065
Adjustment for:			
Depreciation and amortization	123,034	105,969	1,047
Impairment loss of fixed assets	—	5,728	—
Increase in allowance for retirement benefits	3,192	1,492	27
(Decrease) Increase in allowance for retirement and severance benefits for directors and corporate auditors	(407)	2,088	(3)
Interest and dividend income	(3,926)	(2,510)	(33)
Interest expenses	2,581	2,337	22
Investment profit on equity method	(5,542)	(5,548)	(47)
Loss on disposal of property, plant and equipment	3,717	4,677	32
Increase in trade notes and accounts receivable	(46,720)	(29,545)	(398)
Increase in inventories	(23,493)	(23,116)	(200)
Increase in trade notes and accounts payable	59,048	20,040	503
(Increase) Decrease in prepaid pension expense	(1,429)	108	(12)
Decrease in long-term accrued expenses	(6,545)	(7,838)	(56)
Others	(5,721)	7,107	(50)
Subtotal	222,886	173,719	1,897
Interest and dividend income received	4,748	2,933	40
Interest paid	(2,498)	(2,411)	(21)
Income taxes paid	(39,420)	(31,565)	(335)
Net cash provided by operating activities	185,716	142,676	1,581
Cash flows from investing activities:			
Increase (Decrease) in time deposit and short-term investments	10,075	(3,437)	86
Payments for purchase of property, plant and equipment	(218,753)	(162,328)	(1,862)
Proceeds from sales of property, plant and equipment	4,113	5,364	35
Payments for purchase of investments in securities	(9,433)	(13,147)	(80)
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	—	(35)	—
Proceeds from acquisition of subsidiaries' stock resulting in change in scope of consolidation	—	320	—
Proceeds from sales of investments in securities	2,506	1,253	21
Proceeds from redemption at maturity of investments in securities	1,086	2,329	9
Payments for loans made	(1,068)	(637)	(9)
Proceeds from collections of loans	1,009	750	9
Others	(5,031)	(5,250)	(43)
Net cash used in investing activities	(215,496)	(174,818)	(1,834)
Cash flows from financing activities:			
(Decrease) Increase in short-term borrowings	(22,598)	2,318	(192)
Proceeds from long-term debt	65,187	32,687	554
Repayments of long-term debt	(7,688)	(2,171)	(65)
Proceeds from issuance of bonds payable	10,000	—	85
Repayments of bonds payable	—	(5,000)	—
Contributions from minority shareholders	671	1,036	6
Cash dividends paid	(7,660)	(5,621)	(65)
Cash dividends paid to minority shareholders	(2,569)	(2,319)	(22)
Proceeds from sales of treasury stocks	1,521	1,405	13
Payments for purchase of treasury stocks	(30)	(30)	(0)
Net cash provided by financing activities	36,834	22,305	314
Translation adjustment of cash and cash equivalents	4,758	24	40
Net increase (decrease) in cash and cash equivalents	11,812	(9,813)	101
Cash and cash equivalents at beginning of year	116,401	126,214	990
Cash and cash equivalents at end of year	¥ 128,213	¥ 116,401	\$ 1,091

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