

Consolidated Statements of Cash Flows

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2005	2004	2003	2005
Cash flows from operating activities:				
Net income (loss)	¥ 11,174	¥ 1,328	¥ (6,560)	\$ 104,439
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	34,245	33,577	39,927	320,049
Provision for retirement benefits, net of payments	4,490	1,990	6,685	41,970
Write-downs of investments in subsidiaries and other investments in securities	1,193	1,676	7,221	11,155
Gain on sale and disposition of marketable securities, investments in subsidiaries and other investments in securities	(3,037)	(1,597)	(1,489)	(28,390)
Loss (gain) on sale and disposition of property, plant and equipment	1,300	4,630	(17,273)	12,155
Deferred income taxes	4,377	(1,720)	298	40,910
Other	1,025	4,685	7,657	9,583
Changes in operating assets and liabilities:				
Notes and accounts receivable	13,620	10,098	(24,606)	127,289
Inventories	(9,014)	17,087	(10,431)	(84,252)
Notes and accounts payable	7,056	12,912	1,146	65,945
Accrued income taxes	923	(303)	1,333	8,633
Other accrued expenses	1,135	7,183	(4,157)	10,609
Other assets and liabilities	(9,167)	720	474	(85,678)
Net cash provided by operating activities	59,323	92,269	225	554,421
Cash flows from investing activities:				
Decrease (increase) in time deposits and marketable securities	89	(19)	50	841
Increase in investments and other long-term receivables	(7,280)	(6,273)	(7,676)	(68,042)
Purchases of property, plant and equipment	(33,926)	(24,026)	(23,553)	(317,070)
Proceeds from sale of property, plant and equipment	1,895	11,117	35,497	17,713
Payment for purchase of business	(2,292)	—	—	(21,424)
Net cash (used in) provided by investing activities	(41,514)	(19,202)	4,317	(387,982)
Cash flows from financing activities:				
(Decrease) increase in short-term borrowings	(6,843)	(12,355)	966	(63,959)
Issuance of long-term debt	19,182	31,544	31,719	179,273
Repayment of long-term debt	(59,071)	(58,552)	(52,632)	(552,071)
Issuance of bonds	19,942	—	—	186,376
Other	(100)	(4,200)	(130)	(935)
Net cash used in financing activities	(26,890)	(43,564)	(20,077)	(251,315)
Effect of exchange rate changes on cash and cash equivalents	417	(759)	(717)	3,901
Net (decrease) increase in cash and cash equivalents	(8,664)	28,743	(16,250)	(80,974)
Cash and cash equivalents at beginning of the year	58,075	29,294	45,445	542,762
Cash of initially consolidated subsidiaries at beginning of the year	—	37	99	—
Cash and cash equivalents at end of the year	¥ 49,411	¥ 58,075	¥ 29,294	\$ 461,787
Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Interest	¥ 7,123	¥ 7,509	¥ 7,669	\$ 66,576
Income taxes	1,771	2,858	1,092	16,555

The accompanying notes are an integral part of these statements.