

Consolidated Statements of Cash Flows

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2006, 2005 and 2004

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2006	2005	2004	2006
Cash flows from operating activities:				
Net income	¥ 5,058	¥ 11,174	¥ 1,328	\$ 43,230
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	34,691	34,245	33,577	296,504
Loss on impairment of fixed assets	2,973	—	—	25,410
Provision for retirement benefits, net of payments	2,651	4,490	1,990	22,658
Write-downs of investments in subsidiaries and other investments in securities	—	1,193	1,676	—
Gain on sale and disposition of marketable securities, investments in subsidiaries and other investments in securities	(8,043)	(3,037)	(1,597)	(68,743)
(Gain) loss on sale and disposition of property, plant and equipment	(1,045)	1,300	4,630	(8,931)
Deferred income taxes	3,773	4,377	(1,720)	32,247
Other	(802)	1,025	4,685	(6,854)
Changes in operating assets and liabilities:				
Notes and accounts receivable	(1,371)	13,620	10,098	(11,717)
Inventories	(15,536)	(9,014)	17,087	(132,786)
Notes and accounts payable	(5,276)	7,056	12,912	(45,094)
Accrued income taxes	(1,138)	923	(303)	(9,726)
Other accrued expenses	(633)	1,135	7,183	(5,410)
Other assets and liabilities	(334)	(9,167)	720	(2,854)
Net cash provided by operating activities	14,965	59,323	92,269	127,905
Cash flows from investing activities:				
Decrease (increase) in time deposits and marketable securities	30	89	(19)	256
Increase in investments and other long-term receivables	(1,911)	(7,280)	(6,273)	(16,333)
Purchases of property, plant and equipment	(29,153)	(33,926)	(24,026)	(249,170)
Proceeds from sale of property, plant and equipment	2,808	1,895	11,117	24,000
Payment for purchase of business	(328)	(2,292)	—	(2,803)
Net cash used in investing activities	(28,555)	(41,514)	(19,202)	(244,059)
Cash flows from financing activities:				
Decrease in short-term borrowings	(999)	(6,843)	(12,355)	(8,538)
Issuance of long-term debt	70,692	19,182	31,544	604,205
Repayment of long-term debt	(67,540)	(59,071)	(58,552)	(577,264)
Issuance of bonds	—	19,942	—	—
Cash dividends paid	(1,817)	(1)	(16)	(15,529)
Other	438	(98)	(4,183)	3,743
Net cash provided by (used in) financing activities	774	(26,890)	(43,564)	6,615
Effect of exchange rate changes on cash and cash equivalents	714	417	(759)	6,102
Net (decrease) increase in cash and cash equivalents	(12,102)	(8,664)	28,743	(103,435)
Cash and cash equivalents at beginning of the year	49,411	58,075	29,294	422,316
Cash of initially consolidated subsidiaries at beginning of the year	1,110	—	37	9,487
Cash and cash equivalents at end of the year	¥ 38,419	¥ 49,411	¥ 58,075	\$ 328,367
Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Interest	¥ 5,928	¥ 7,123	¥ 7,509	\$ 50,666
Income taxes	2,717	1,771	2,858	23,222

The accompanying notes are an integral part of these statements.