

The Nisshin OilliO Group, Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1.a)
	<u>2011</u>	<u>2010</u>	<u>2011</u>
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 3,087	¥ 9,879	\$ 37,193
Adjustments for:			
Income taxes—paid	(2,805)	(4,918)	(33,795)
Depreciation and amortization	6,268	6,658	75,518
Equity in loss of associated companies	(134)	(152)	(1,614)
Amortization of goodwill—net	922	925	11,108
Loss (gain) on sales of investment securities	30	(5)	361
Gain on exchanges of securities of a subsidiary	(372)		(4,482)
Loss on sales of securities of a subsidiary	17		205
Loss on sales and disposition of property, plant and equipment	151	320	1,819
Loss on write-down of investment securities	1,666	11	20,072
Loss from a natural disaster	1,301		15,675
Loss on reorganization of business	339		4,084
Loss on write-down of an investment of a subsidiary		80	
Loss on write-down of securities of a subsidiary		2	
Decrease (increase) in trade receivables	(9,269)	111	(111,675)
Increase in inventories	(5,489)	(1,269)	(66,133)
Increase in trade payables	7,076	895	85,253
Decrease in liability for retirement benefits	(61)	(56)	(735)
Other—net	(4,020)	(1,023)	(48,432)
Total adjustments	<u>(4,380)</u>	<u>1,579</u>	<u>(52,771)</u>
Net cash provided by (used in) operating activities	<u>(1,293)</u>	<u>11,458</u>	<u>(15,578)</u>
INVESTING ACTIVITIES:			
Proceeds from sale of investment securities	37	20	446
Purchases of investment securities	(201)	(2,572)	(2,422)
Proceeds from sale of property, plant and equipment	73	21	880
Purchases of property, plant and equipment	(4,849)	(9,391)	(58,422)
Increase in marketable securities—net	(1)	(7)	(12)
Proceeds from sales of securities of a subsidiary	14		169
Payment for purchase of consolidated subsidiaries, net of cash acquired	(226)		(2,723)
Proceeds from redemption of bonds	200	500	2,410
Other—net	(133)	(765)	(1,603)
Net cash used in investing activities	<u>(5,086)</u>	<u>(12,194)</u>	<u>(61,277)</u>
FORWARD	<u>¥(6,379)</u>	<u>¥ (736)</u>	<u>\$ (76,855)</u>

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FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans—net	10,068	(3,303)	121,301
Repayments of long-term debt	(2,074)	(1,954)	(24,988)
Proceeds from long-term debt		4,509	
Repayments of straight bond	(5,220)	(20)	(62,892)
Dividends paid	(1,723)	(1,724)	(20,759)
Dividends paid for minority interests	(169)	(114)	(2,036)
Purchases of treasury stock—net	(15)	(31)	(181)
Repayments of lease obligations	<u>(358)</u>	<u>(498)</u>	<u>(4,313)</u>
Net cash provided by (used in) financing activities	<u>509</u>	<u>(3,135)</u>	<u>6,132</u>
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	<u>(305)</u>	<u>61</u>	<u>(3,675)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,175)	(3,810)	(74,398)
EFFECT OF EXCLUSION OF CONSOLIDATED SUBSIDIARIES	(497)		(5,987)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>22,665</u>	<u>26,475</u>	<u>273,072</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥15,993</u>	<u>¥22,665</u>	<u>\$192,687</u>

See notes to consolidated financial statements.