

# NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION

For the years ended March 31, 2002 and 2001

|  | Millions of Japanese Yen |           | Thousands of<br>U.S. Dollars<br>(Note 2) |
|--|--------------------------|-----------|--|
|  | 2002                     | 2001      | 2002                                     |
| <b>Cash flows from operating activities:</b>   |                          |           |  |
| Income (loss) before income taxes .....  | ¥ 4,247                  | ¥ (7,055) | \$ 31,935                                |
| Adjustments to reconcile net income to net cash provided<br>by operating activities: |                          |           |  |
| Depreciation and amortization .....  | 3,116                    | 2,028     | 23,430                                   |
| (Gain)/loss on sale or disposal of P.P. & E .....                                    | 82                       | (507)     | 615                                      |
| (Gain)/loss on sale of marketable securities and investment securities..             | 244                      | (212)     | 1,839                                    |
| Write-down of securities .....   | 1,362                    | 406       | 10,237                                   |
| Write-down of real estate for sale and other .....                                   | 147                      | 4,290     | 1,103                                    |
| Provision for severance benefits .....   | 811                      | 11,139    | 6,096                                    |
| Provision for allowance for doubtful accounts .....                                  | (721)                    | 192       | (5,422)                                  |
| Changes in:  |                          |           |  |
| Trade receivables .....  | (514)                    | (11,783)  | (3,870)                                  |
| Inventories .....  | 1,129                    | (242)     | 8,488                                    |
| Cost on contracts in progress .....  | 2,170                    | 2,076     | 16,314                                   |
| Prepaid expenses and other current assets .....                                      | (3,729)                  | 184       | (28,038)                                 |
| Trade payables .....   | (2,026)                  | 12,407    | (15,237)                                 |
| Advances on contracts in progress .....  | (4,248)                  | (3,970)   | (31,937)                                 |
| Other current liabilities .....  | 8,300                    | 2,402     | 62,407                                   |
| Other, net .....   | 1,804                    | 1,552     | 13,566                                   |
| Sub-total .....  | 12,174                   | 12,907    | 91,526                                   |
| Interest and dividends income received .....   | 663                      | 587       | 4,987                                    |
| Interest paid .....  | (1,311)                  | (1,468)   | (9,857)                                  |
| Income taxes paid .....  | (4,569)                  | (1,967)   | (34,350)                                 |
| Net cash provided by/(used in) operating activities .....                            | 6,957                    | 10,059    | 52,306                                   |
| <b>Cash flows from investing activities:</b>   |                          |           |  |
| Proceeds from sale of investment securities .....                                    | 735                      | 1,214     | 5,527                                    |
| Acquisition of investments in securities .....                                       | (942)                    | (1,700)   | (7,081)                                  |
| Acquisition of P.P. & E .....  | (5,036)                  | (3,355)   | (37,861)                                 |
| Proceeds from sale or disposal of P.P. & E .....                                     | 200                      | 911       | 1,506                                    |
| (Increase)/decrease in investments in, short and long-term loans .....               | (2,639)                  | (202)     | (19,848)                                 |
| Other, net .....   | 377                      | 62        | 2,835                                    |
| Net cash provided by/(used in) investing activities .....                            | (7,305)                  | (3,070)   | (54,922)                                 |
| <b>Cash flows from financing activities:</b>   |                          |           |  |
| Proceeds from long-term debt .....   | 4,213                    | 1,512     | 31,677                                   |
| Net increase/(decrease) in short-term bank loans .....                               | (620)                    | (8,083)   | (4,662)                                  |
| Net increase/(decrease) commercial paper .....                                       | 8,000                    | —         | 60,150                                   |
| Redemption of bonds .....  | (500)                    | (200)     | (3,759)                                  |
| Repayment of long-term debt .....  | (4,125)                  | (4,532)   | (31,015)                                 |
| Cash dividends paid .....  | (997)                    | (997)     | (7,496)                                  |
| Other, net .....   | (1)                      | 0         | (7)                                      |
| Net cash provided by/(used in) financing activities .....                            | 5,970                    | (12,300)  | 44,888                                   |
| <b>Effect of exchange rate changes on cash and cash equivalents..</b>                | 77                       | 259       | 581                                      |
| <b>Net increase (decrease) in cash and cash equivalents .....</b>                    | 5,699                    | (5,052)   | 42,853                                   |
| <b>Cash and cash equivalents at beginning of year .....</b>                          | 30,640                   | 35,692    | 230,372                                  |
| <b>Cash and cash equivalents at end of year .....</b>                                | ¥ 36,339                 | ¥ 30,640  | \$ 273,225                               |

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