

# CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries  
For the years ended March 31, 2003 and 2002

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2003	2002	2003
<b>Cash flows from operating activities:</b>			
Net income before income taxes .....	¥ 2,143	¥ 5,502	\$ 17,855
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization .....	4,238	4,391	35,318
Loss on sales or disposal of P.P. & E .....	157	151	1,304
Loss on sales of marketable securities .....	313	241	2,610
Write-down of marketable securities and investment securities .....	1,078	1,383	8,987
Write-down of real estate for sale and other .....	286	261	2,387
Provision for severance indemnities .....	(3,690)	815	(30,754)
Provision for allowance for doubtful accounts .....	(589)	(689)	(4,911)
Changes in:			
Notes and accounts receivable, trade .....	(766)	7,652	(6,382)
Inventories, principally real estate for sale .....	(5,742)	1,545	(47,849)
Cost on contracts in progress .....	14,848	862	123,737
Prepaid expenses and other current assets .....	16,188	10,266	134,904
Notes and accounts payable, trade .....	(13,087)	(2,915)	(109,062)
Advances on contracts in progress .....	(6,287)	(4,477)	(52,392)
Other current liabilities .....	(27,072)	(10,433)	(225,603)
Other, net .....	8,988	(1,022)	74,906
Sub-total .....	(8,994)	13,533	(74,945)
Interest and dividends income received .....	441	560	3,676
Interest paid .....	(1,390)	(1,455)	(11,583)
Income taxes paid and other .....	(3,699)	(5,245)	(30,825)
Net cash provided by/(used in) operating activities .....	(13,642)	7,393	(113,677)
<b>Cash flows from investing activities:</b>			
Payment for purchases of securities .....	(9)	(1,061)	(79)
Proceeds from sale of marketable and investment securities .....	511	1,790	4,257
Acquisition of investment in securities .....	(2,589)	(1,059)	(21,572)
Acquisition of P.P. & E .....	(2,104)	(9,165)	(17,535)
Proceeds from sale or disposal of P.P. & E .....	358	239	2,986
Other, net .....	(222)	1,907	(1,855)
Net cash used in investing activities .....	(4,055)	(7,349)	(33,798)
<b>Cash flows from financing activities:</b>			
Proceeds from long-term debt .....	13,765	5,203	114,708
Increase in commercial paper .....	4,500	8,000	37,500
Net decrease in short-term borrowings .....	(4,462)	(1,108)	(37,180)
Redemption of bonds .....	(4,400)	(500)	(36,667)
Repayment of long-term debt .....	(6,452)	(4,633)	(53,763)
Cash dividends paid .....	(982)	(983)	(8,183)
Other, net .....	(9)	(24)	(80)
Net cash provided by financing activities .....	1,960	5,955	16,335
<b>Effect of exchange rate changes on cash and cash equivalents..</b>	(198)	85	(1,651)
<b>Net increase (decrease) in cash and cash equivalents .....</b>	(15,935)	6,084	(132,791)
<b>Cash and cash equivalents at beginning of year .....</b>	41,794	35,710	348,284
<b>Cash and cash equivalents at end of year .....</b>	¥ 25,859	¥ 41,794	\$ 215,493

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