

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2004 and 2003

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2004	2003	2004
Cash flows from operating activities:			
Net income before income taxes	¥ 3,431	¥ 2,143	\$ 32,363
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,343	4,238	31,534
Loss on sales or disposal of P.P. & E	587	157	5,538
(Gain)/Loss on sales of marketable securities	(588)	313	(5,548)
Write-down of marketable and investment securities	66	1,078	623
Write-down of real estate for sale and other	355	286	3,343
Provision for severance indemnities	24	(3,690)	229
Provision for allowance for doubtful accounts	57	(589)	534
Changes in:			
Notes and accounts receivables, trade	(9,209)	15,422	(86,877)
Inventories, principally real estate for sale	(314)	(5,742)	(2,961)
Cost on contracts in progress	16,951	14,848	159,911
Notes and accounts payables, trade	8,716	(40,159)	82,230
Advances on contracts in progress	(10,495)	(6,287)	(99,011)
Other, net	(4,535)	8,988	(42,761)
Sub-total	8,389	(8,994)	79,147
Interest and dividend income received	401	441	3,782
Interest paid	(1,278)	(1,390)	(12,053)
Income taxes paid and other	(951)	(3,699)	(8,971)
Net cash provided by/(used in) operating activities	6,561	(13,642)	61,905
Cash flows from investing activities:			
Payment for purchases of securities	—	(9)	—
Proceeds from sale of marketable and investment securities	1,683	511	15,879
Acquisition of investment in securities	(139)	(2,589)	(1,309)
Acquisition of P.P. & E	(1,893)	(2,104)	(17,863)
Proceeds from sale or disposal of P.P. & E	3,583	358	33,799
Other, net	(374)	(222)	(3,520)
Net cash provided by/(used in) investing activities	2,860	(4,055)	26,986
Cash flows from financing activities:			
Proceeds from long-term debt	12,932	13,765	122,000
Net increase/(decrease) in commercial paper	(5,500)	4,500	(51,887)
Net decrease in short-term borrowings	(1,154)	(4,462)	(10,890)
Redemption of bonds	(4,800)	(4,400)	(45,283)
Repayment of long-term debt	(10,807)	(6,452)	(101,955)
Cash dividends paid	(981)	(982)	(9,261)
Other, net	(147)	(9)	(1,384)
Net cash provided by/(used in) financing activities	(10,457)	1,960	(98,660)
Effect of exchange rate changes on cash and cash equivalents..	(393)	(198)	(3,709)
Net increase (decrease) in cash and cash equivalents	(1,429)	(15,935)	(13,478)
Cash and cash equivalents at beginning of year	25,859	41,794	243,955
Cash and cash equivalents at end of year	¥ 24,430	¥ 25,859	\$ 230,477

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