

# CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries  
For the years ended March 31, 2005 and 2004

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2005	2004	2005
<b>Cash flows from operating activities:</b>			
Net income (loss) before income taxes .....	(¥7,634)	¥ 3,431	(\$71,344)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization .....	2,871	3,343	26,836
(Gain)/Loss on sale or disposal of P.P. & E .....	(226)	587	(2,119)
Gain on sale of marketable securities .....	(9)	(588)	(88)
Write-down of marketable and investment securities .....	8	66	74
Write-down of real estate for sale and other .....	3,041	355	28,423
Provision for severance indemnities .....	(2,009)	24	(18,770)
Transfer to loss on development business .....	6,836	—	63,888
Provision for allowance for doubtful accounts .....	(395)	57	(3,694)
Changes in:			
Notes and accounts receivables, trade .....	4,167	(9,209)	38,939
Inventories, principally real estate for sale .....	1,833	(314)	17,135
Cost on contracts in progress .....	2,931	16,951	27,395
Notes and accounts payables, trade .....	(5,428)	8,716	(50,729)
Advances on contracts in progress .....	(1,616)	(10,495)	(15,101)
Other, net .....	307	(4,535)	2,865
Sub-total .....	4,677	8,389	43,710
Interest and dividend income received .....	454	401	4,243
Interest paid .....	(957)	(1,278)	(8,944)
Income taxes paid and other .....	(919)	(951)	(8,587)
Net cash provided by/(used in) operating activities .....	3,255	6,561	30,422
<b>Cash flows from investing activities:</b>			
Proceeds from sale of marketable and investment securities .....	29	1,683	271
Acquisition of investment in securities .....	(159)	(139)	(1,483)
Acquisition of P.P. & E .....	(1,662)	(1,893)	(15,529)
Proceeds from sale or disposal of P.P. & E .....	2,517	3,583	23,523
Other, net .....	385	(374)	3,600
Net cash provided by/(used in) investing activities .....	1,110	2,860	10,382
<b>Cash flows from financing activities:</b>			
Proceeds from long-term debt .....	10,460	12,932	97,757
Net decrease in commercial paper .....	(1,000)	(5,500)	(9,346)
Net decrease in short-term borrowings .....	(1,704)	(1,154)	(15,921)
Redemption of bonds .....	(3,700)	(4,800)	(34,579)
Repayment of long-term debt .....	(8,612)	(10,807)	(80,487)
Cash dividends paid .....	(976)	(981)	(9,125)
Other, net .....	(37)	(147)	(348)
Net cash provided by/(used in) financing activities .....	(5,569)	(10,457)	(52,049)
<b>Effect of exchange rate changes on cash and cash equivalents..</b>	86	(393)	800
<b>Net increase (decrease) in cash and cash equivalents .....</b>	(1,118)	(1,429)	(10,445)
<b>Cash and cash equivalents at beginning of year .....</b>	24,430	25,859	228,323
<b>Cash and cash equivalents at end of year .....</b>	¥ 23,312	¥ 24,430	\$ 217,878

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