

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2006 and 2005

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2006	2005	2006
Cash flows from operating activities:			
Net income (loss) before income taxes	¥ 3,593	(¥7,634)	\$ 30,710
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,706	2,871	23,131
Gain on sale or disposal of P.P. & E	(4)	(226)	(31)
Gain on sale of marketable securities	(160)	(9)	(1,367)
Write-down of marketable and investment securities	2	8	15
Write-down of real estate for sale and other	557	3,041	4,764
Provision for retirement benefits	(4,405)	(2,009)	(37,652)
Transfer to loss on development business	(626)	6,836	(5,350)
Provision for allowance for doubtful accounts	(464)	(395)	(3,969)
Changes in:			
Notes and accounts receivables, trade	(13,649)	4,167	(116,661)
Inventories, principally real estate for sale	1,540	1,833	13,166
Cost on contracts in progress	7,627	2,931	65,186
Notes and accounts payables, trade	4,767	(5,428)	40,743
Advances on contracts in progress	(6,831)	(1,616)	(58,386)
Other, net	3,235	307	27,653
Sub-total	(2,112)	4,677	(18,048)
Interest and dividend income received	521	454	4,453
Interest paid	(941)	(957)	(8,044)
Income taxes paid and other	(1,871)	(919)	(15,994)
Net cash provided by/(used in) operating activities	(4,403)	3,255	(37,633)
Cash flows from investing activities:			
Proceeds from sale of marketable and investment securities	926	29	7,912
Acquisition of investment in securities	(414)	(159)	(3,536)
Acquisition of P.P. & E	(1,798)	(1,662)	(15,371)
Proceeds from sale or disposal of P.P. & E	379	2,517	3,238
Other, net	3	385	22
Net cash provided by/(used in) investing activities	(904)	1,110	(7,735)
Cash flows from financing activities:			
Proceeds from long-term debt	5,292	10,460	45,231
Net increase/(decrease) in commercial paper	5,000	(1,000)	42,735
Net increase/(decrease) in short-term borrowings	177	(1,704)	1,509
Redemption of bonds	—	(3,700)	—
Issue of bonds	4,981	—	42,572
Repayment of long-term debt	(8,363)	(8,612)	(71,481)
Cash dividends paid	(585)	(976)	(5,003)
Other, net	51	(37)	444
Net cash provided by/(used in) financing activities	6,553	(5,569)	56,007
Effect of exchange rate changes on cash and cash equivalents..	181	86	1,548
Net increase (decrease) in cash and cash equivalents	1,426	(1,118)	12,182
Cash and cash equivalents at beginning of year	23,312	24,430	199,255
Cash and cash equivalents at end of year	¥ 24,738	¥ 23,312	\$ 211,437

The accompanying notes are an integral part of these statements.