

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2007 and 2006

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2007	2006	2007
Cash flows from operating activities:			
Net income before income taxes and minority interests	¥ 1,131	¥ 3,593	\$ 9,587
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,263	2,706	19,178
Loss (Gain) on sale or disposal of P.P. & E	127	(4)	1,083
Gain on sale of marketable securities	(3,293)	(160)	(27,907)
Write-down of marketable and investment securities	52	2	445
Write-down of real estate for sale and other	2,595	557	21,990
Provision for retirement benefits	(3,286)	(4,405)	(27,851)
Transfer to loss on development business	(6,210)	(626)	(52,627)
Provision for allowance for doubtful accounts	(1,770)	(464)	(14,998)
Additional severance payment	1,533	—	12,990
Changes in:			
Notes and accounts receivables, trade	2,624	(13,649)	22,236
Inventories, principally real estate for sale	(363)	1,540	(3,072)
Cost on contracts in progress	10,997	7,627	93,192
Notes and accounts payables, trade	(7,501)	4,767	(63,572)
Advances on contracts in progress	207	(6,831)	1,758
Other, net	2,394	3,235	20,282
Sub-total	1,500	(2,112)	12,714
Interest and dividend income received	505	521	4,279
Interest paid	(974)	(941)	(8,255)
Payment of additional severance payment	(135)	—	(1,144)
Income taxes paid and other	(1,105)	(1,871)	(9,362)
Net cash used in operating activities	(209)	(4,403)	(1,768)
Cash flows from investing activities:			
Proceeds from sale of marketable and investment securities	4,187	926	35,487
Acquisition of investment in securities	(152)	(414)	(1,288)
Acquisition of P.P. & E	(2,226)	(1,798)	(18,861)
Proceeds from sale or disposal of P.P. & E	204	379	1,725
Other, net	(1,616)	3	(13,698)
Net cash provided by (used in) investing activities	397	(904)	3,365
Cash flows from financing activities:			
Proceeds from long-term debt	19,800	5,292	167,801
Net (decrease) increase in commercial paper	(5,000)	5,000	(42,373)
Net (decrease) increase in short-term borrowings	(1,310)	177	(11,105)
Issue of bonds	—	4,981	—
Repayment of long-term debt	(14,793)	(8,363)	(125,365)
Cash dividends paid	(665)	(585)	(5,633)
Other, net	(4)	51	(35)
Net cash (used in) provided by financing activities	(1,972)	6,553	(16,710)
Effect of exchange rate changes on cash and cash equivalents..	118	181	996
Net (decrease) increase in cash and cash equivalents	(1,666)	1,426	(14,117)
Cash and cash equivalents at beginning of year	24,738	23,312	209,646
Cash and cash equivalents at end of year	¥ 23,072	¥ 24,738	\$ 195,529

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