

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2008 and 2007

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 2)
	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 27,933	¥ 1,131	\$ 279,325
Adjustments to reconcile income before income taxes and minority interests to net cash used in operating activities:			
Depreciation and amortization	2,682	2,263	26,821
Loss on impairment of fixed assets	421	6	4,212
Gain (loss) on sale or disposal of fixed assets	(31,752)	127	(317,521)
Gain (loss) on sale of marketable securities and investment securities..	469	(3,293)	4,694
Write-down of marketable and investment securities	28	52	275
Write-down of real estate for sale and other	1,807	2,595	18,074
Provision for retirement benefits	(1,575)	(3,286)	(15,747)
Transfer to loss on development business	—	(6,210)	—
Provision for doubtful accounts	(899)	(1,770)	(8,989)
Additional severance payment	—	1,533	—
Changes in:			
Notes and accounts receivable, trade	(1,900)	2,624	(19,008)
Inventories, principally real estate for sale	1,609	(363)	16,086
Cost on contracts in progress	1,284	10,997	12,845
Notes and accounts payable, trade	(7,098)	(7,501)	(70,982)
Advances on contracts in progress	1,578	207	15,784
Other, net	7,752	2,388	77,522
Sub-total	2,339	1,500	23,391
Interest and dividend income received	559	505	5,589
Interest paid	(1,050)	(974)	(10,500)
Payment of additional severance payment	(1,374)	(135)	(13,737)
Income taxes paid and other	(644)	(1,105)	(6,441)
Net cash used in operating activities	(170)	(209)	(1,698)
Cash flows from investing activities:			
Proceeds from sale of marketable and investment securities	468	4,187	4,683
Payments for acquisition of investment in securities	(1,519)	(152)	(15,188)
Payments for acquisition of property, plant and equipment	(3,416)	(2,226)	(34,162)
Proceeds from sale or disposal of property, plant and equipment	42,228	204	422,278
Other, net	(620)	(1,616)	(6,204)
Net cash provided by investing activities	37,141	397	371,407
Cash flows from financing activities:			
Proceeds from long-term debt	300	19,800	3,000
Net decrease in commercial paper	(6,000)	(5,000)	(60,000)
Net decrease in short-term borrowings	(13,096)	(1,310)	(130,966)
Repayment of long-term debt	(12,548)	(14,793)	(125,477)
Cash dividends paid	—	(665)	—
Other, net	(4)	(4)	(39)
Net cash used in financing activities	(31,348)	(1,972)	(313,482)
Effect of exchange rate changes on cash and cash equivalents..	(332)	118	(3,317)
Net increase (decrease) in cash and cash equivalents	5,291	(1,666)	52,910
Cash and cash equivalents at beginning of year	23,072	24,738	230,724
Cash and cash equivalents at end of year	¥ 28,363	¥ 23,072	\$ 283,634

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