

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2011 and 2010

| | Millions of Japanese Yen | | Thousands of U.S. Dollars (Note 2) |
|---|--------------------------|----------|--|
| | 2011 | 2010 | 2011 |
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | ¥ 2,294 | ¥ 2,393 | \$ 27,644 |
| Adjustments to reconcile income before income taxes and minority interests to net cash (used in) provided by operating activities: | | | |
| Depreciation and amortization | 2,591 | 3,317 | 31,221 |
| Loss on impairment of fixed assets | 191 | 255 | 2,297 |
| Exchange (gain) loss | 671 | 69 | 8,079 |
| (Gain) Loss on sale or disposal of fixed assets | (26) | 60 | (312) |
| (Gain) Loss on sale of marketable securities and investment in securities ... | (0) | 9 | (0) |
| Write-down of marketable and investment in securities | 1,513 | — | 18,229 |
| Write-down of utility rights | 24 | 7 | 293 |
| Increase (decrease) in reserve for retirement benefits | 182 | 449 | 2,183 |
| Increase (decrease) in allowance for doubtful accounts | (159) | (3,599) | (1,918) |
| Changes in: | | | |
| Notes and accounts receivable, trade | 9,024 | (252) | 108,731 |
| Real estate for sale | 456 | 2,672 | 5,497 |
| Cost on construction contracts in progress and other | 6,082 | (443) | 73,271 |
| Notes and accounts payable, trade | (10,347) | 219 | (124,662) |
| Advances received on construction contracts in progress | (7,576) | 177 | (91,273) |
| Other, net | 877 | 10,947 | 10,570 |
| Sub-total | 5,797 | 16,280 | 69,850 |
| Interest and dividend income received | 433 | 408 | 5,215 |
| Interest paid | (657) | (732) | (7,918) |
| Income taxes paid and other | (3,081) | (685) | (37,121) |
| Net cash (used in) provided by operating activities | 2,492 | 15,271 | 30,026 |
| Cash flows from investing activities: | | | |
| Payments for acquisition of marketable and investment in securities | (177) | (326) | (2,129) |
| Proceeds from sale of marketable and investment in securities | 103 | 133 | 1,242 |
| Payments for acquisition of property, plant and equipment | (2,019) | (5,897) | (24,326) |
| Proceeds from sale of property, plant and equipment | 1,094 | 3,628 | 13,185 |
| Other, net | 352 | 3,228 | 4,240 |
| Net cash (used in) provided by investing activities | (647) | 766 | (7,788) |
| Cash flows from financing activities: | | | |
| Net increase (decrease) in short-term borrowings | (2,330) | (1,557) | (28,072) |
| Proceeds from long-term debt | 3,750 | 8,050 | 45,181 |
| Repayment of long-term debt | (7,000) | (9,639) | (84,337) |
| Sale of treasury stock | — | 42 | — |
| Acquisition of treasury stock | (14) | (2) | (168) |
| Cash dividends paid | (414) | (413) | (4,992) |
| Other, net | (28) | (22) | (341) |
| Net cash (used in) provided by financing activities | (6,036) | (3,541) | (72,729) |
| Effect of exchange rate changes on cash and cash equivalents | (669) | (72) | (8,068) |
| Net increase (decrease) in cash and cash equivalents | (4,860) | 12,424 | (58,559) |
| Cash and cash equivalents at beginning of year | 44,916 | 32,492 | 541,161 |
| Cash and cash equivalents at end of year | ¥ 40,056 | ¥ 44,916 | \$ 482,602 |

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