

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOSHIBA MACHINE CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2006 and 2005

	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Operating Activities:			
Income before income taxes and minority interest	¥16,715	¥10,178	\$142,292
Adjustments to reconcile income before income taxes and minority interest to net cash provided by operating activities:			
Depreciation and amortization	1,891	1,825	16,098
Allowance for doubtful receivables	2	(115)	17
Employees' retirement benefit, less payments	1,113	903	9,475
Gain on sale of investment in consolidated subsidiaries	(1,366)	—	(11,629)
Loss (gain) on sales and disposal of property, plant and equipment	(540)	232	(4,597)
Loss on settlement of dispute	(1,181)	—	(10,054)
Changes in operating assets and liabilities:			
Notes and accounts receivables, trade	(3,565)	(1,797)	(30,348)
Inventories	(5,233)	(3,416)	(44,548)
Notes and accounts payables, trade	6,213	2,582	52,890
Advances received	2,012	570	17,128
Accrued expenses	499	(553)	4,248
Income taxes paid	(6,320)	(1,016)	(53,801)
Others	2,949	(654)	25,104
Net cash provided by operating activities	13,189	8,739	112,275
Investing Activities:			
Purchases of property, plant and equipment	(2,330)	(1,448)	(19,835)
Proceeds from sales of property, plant and equipment	844	248	7,185
Payments of long-term loan receivables	(15)	(36)	(128)
Repayments of long-term loan receivables	67	73	570
Proceeds from sales of investment in consolidated subsidiaries	2,400	—	20,431
Others	48	(62)	409
Net cash provided (used) in investing activities	1,014	(1,225)	8,632
Financing Activities:			
Increase (decrease) in short-term bank loans	357	(14,897)	3,039
Repayments of long-term debt	(761)	(748)	(6,478)
Purchases of treasury stock	(15)	(810)	(128)
Cash dividends paid	(1,485)	(1,001)	(12,641)
Others	(3)	—	(26)
Net cash used in financing activities	(1,907)	(17,456)	(16,234)
Effect of exchange rate changes on cash and cash equivalents	495	(73)	4,214
Net cash increased in cash and cash equivalents	12,791	(10,015)	108,887
Cash and cash equivalents at the beginning of year	26,619	36,112	226,603
Increases in newly consolidated subsidiaries	—	528	—
Decreases on liquidation of consolidated subsidiaries	—	(6)	—
Cash and cash equivalents at end of year (Note 12)	¥39,410	¥26,619	\$335,490

See accompanying notes to financial statements.