

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOSHIBA MACHINE CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Operating Activities:			
Income before income taxes and minority interest	¥19,750	¥16,715	\$167,302
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation	2,086	1,891	17,670
Allowance for doubtful receivables	17	2	144
Warranty reserve	25	3	212
Employees' retirement benefit, less payments	1,152	1,113	9,759
Gain on sales of investment securities	(22)	(120)	(186)
Gain on sale of investment in consolidated subsidiaries	(517)	(1,366)	(4,380)
Interest and dividend income	(228)	(129)	(1,931)
Interest expense	514	471	4,354
Loss (gain) on sales and disposal of property, plant and equipment	193	(540)	1,635
Loss on settlement of dispute	—	915	—
Changes in operating assets and liabilities:			
Notes and accounts receivables, trade	(9,185)	(3,565)	(77,806)
Inventories	(4,740)	(5,233)	(40,152)
Notes and accounts payables, trade	8,488	6,213	71,902
Advances received	1,299	2,012	11,004
Accrued expenses	1,072	499	9,081
Others	(115)	2,229	(975)
Sub total	19,789	21,110	167,632
Interest and dividend income received	228	129	1,931
Interest expense payments	(529)	(465)	(4,481)
Loss on settlement of dispute	—	(1,181)	—
Income taxes paid	(8,743)	(6,320)	(74,062)
Others	(124)	(84)	(1,050)
Net cash provided by operating activities	10,621	13,189	89,970
Investing Activities:			
Acquisition of investment securities	(97)	(22)	(821)
Proceeds from sales of investment securities	47	181	398
Proceeds from sales of investment in consolidated subsidiaries	795	2,400	6,734
Purchases of property, plant and equipment	(5,173)	(2,330)	(43,820)
Proceeds from sales of property, plant and equipment	47	844	398
Payments of long-term loan receivables	(23)	(15)	(195)
Repayments of long-term loan receivables	62	67	525
Others	(735)	(111)	(6,226)
Net cash provided by (used in) investing activities	(5,077)	1,014	(43,007)
Financing Activities:			
Increase (decrease) in short-term bank loans	(3,602)	357	(30,512)
Repayments of long-term debt	(1,628)	(761)	(13,791)
Purchases of treasury stock	(1,474)	(15)	(12,486)
Cash dividends paid	(2,306)	(1,485)	(19,534)
Others	(74)	(3)	(627)
Net cash used in financing activities	(9,084)	(1,907)	(76,950)
Effect of exchange rate changes on cash and cash equivalents	158	495	1,338
Net cash increased in cash and cash equivalents	(3,382)	12,791	(28,649)
Cash and cash equivalents at the beginning of year	39,410	26,619	333,842
Cash and cash equivalents at end of year (Note 13)	¥36,028	¥39,410	\$305,193

See accompanying notes to financial statements.