

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOSHIBA MACHINE CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Operating activities:			
Income before income taxes and minority interest	¥20,520	¥19,750	\$204,811
Adjustments to reconcile income before income taxes and minority interest to net cash provided by operating activities:			
Depreciation	2,171	2,086	21,669
Allowance for doubtful receivables	306	17	3,054
Warranty reserve	8	25	80
Employees' retirement benefit	(264)	1,152	(2,635)
Gain on sales of investment securities	(3,130)	(22)	(31,241)
Gain on sales of investments in consolidated subsidiaries and affiliates	(2,850)	(517)	(28,446)
Interest and dividend income	(347)	(228)	(3,463)
Interest expense	334	514	3,334
Loss (gain) on sales and disposal of property, plant and equipment	279	193	2,785
Interest expense	(41)	—	(409)
Changes in operating assets and liabilities:			
Notes and accounts receivable, trade	1,249	(9,185)	12,466
Inventories	(1,403)	(4,740)	(14,003)
Notes and accounts payable, trade	(2,162)	8,488	(21,579)
Advances received	(1,472)	1,299	(14,692)
Accrued expenses	(100)	1,072	(998)
Long-term accounts payable, other	2,009	—	20,052
Others	826	(115)	8,243
Sub total	15,933	19,789	159,028
Interest and dividend income received	347	228	3,463
Interest paid	(333)	(529)	(3,324)
Income taxes paid	(8,369)	(8,743)	(83,531)
Others	(133)	(124)	(1,327)
Net cash provided by operating activities	7,445	10,621	74,309
Investing activities:			
Acquisition of investment securities	(100)	(97)	(998)
Proceeds from sales of investment securities	3,397	47	33,906
Acquisitions of investment in unconsolidated subsidiaries and affiliates	(768)	—	(7,665)
Proceeds from sales of investments in consolidated subsidiaries and affiliates	2,750	795	27,448
Payment for sale of investment in subsidiaries resulting in change in scope of consolidation	(490)	—	(4,891)
Purchases of property, plant and equipment	(2,992)	(5,173)	(29,863)
Proceeds from sales of property, plant and equipment	44	47	439
Payments of long-term loan receivables	(4)	(23)	(40)
Repayments of long-term loan receivables	42	62	419
Others	(155)	(735)	(1,548)
Net cash provided by (used in) investing activities	1,724	(5,077)	17,207
Financing activities:			
Increase (decrease) in short-term bank loans	(1,207)	(3,602)	(12,048)
Repayments of long-term debt	(1,100)	(1,628)	(10,980)
Purchases of treasury stock	(6,326)	(1,474)	(63,139)
Cash dividends paid	(1,926)	(2,306)	(19,223)
Others	—	(74)	—
Net cash used in financing activities	(10,559)	(9,084)	(105,390)
Effect of exchange rate changes on cash and cash equivalents	(55)	158	(549)
Net decrease in cash and cash equivalents	(1,445)	(3,382)	(14,423)
Cash and cash equivalents at the beginning of year	36,028	39,410	359,597
Cash and cash equivalents at end of year (Note 15)	¥34,583	¥36,028	\$345,174

See accompanying notes to financial statements.