

# CONSOLIDATED STATEMENTS OF CASH FLOWS

TOSHIBA MACHINE CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
<b>Operating activities:</b>			
Income before income taxes and minority interests	¥9,866	¥20,520	\$100,438
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation	2,561	2,171	26,071
Allowance for doubtful receivables	(208)	306	(2,117)
Warranty reserve	(3)	8	(31)
Employees' retirement benefit	(130)	(264)	(1,323)
Director's retirement benefit	(111)	207	(1,130)
Gain on sales of investment securities	—	(3,130)	—
Gain on sales of investments in consolidated subsidiaries and affiliates	—	(2,850)	—
Interest and dividend income	(402)	(347)	(4,092)
Interest expense	268	334	2,728
Loss on sales and disposal of property, plant and equipment	46	279	468
Equity in losses (earnings) of affiliates	924	(41)	9,406
Changes in operating assets and liabilities:			
Notes and accounts receivable, trade	12,928	1,249	131,609
Inventories	3,854	(1,403)	39,234
Notes and accounts payable, trade	(15,144)	(2,162)	(154,169)
Advances received	(812)	(1,472)	(8,266)
Accrued expenses	(1,621)	(100)	(16,502)
Long-term accounts payable, other	(955)	2,009	(9,722)
Others	(86)	619	(874)
Sub total	10,975	15,933	111,728
Interest and dividend income received	417	347	4,245
Interest paid	(302)	(333)	(3,074)
Income taxes paid	(8,824)	(8,369)	(89,830)
Others	(87)	(133)	(886)
Net cash provided by operating activities	2,179	7,445	22,183
<b>Investing activities:</b>			
Acquisition of investment securities	(104)	(100)	(1,059)
Proceeds from sales of investment securities	—	3,397	—
Acquisition of investments in unconsolidated subsidiaries and affiliates	—	(768)	—
Proceeds from sales of investments in consolidated subsidiaries and affiliates	—	2,750	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(490)	—
Payments for sales of investments in capital of subsidiaries and affiliates	(50)	—	(509)
Purchases of property, plant and equipment	(4,633)	(2,992)	(47,165)
Proceeds from sales of property, plant and equipment	37	44	377
Purchases of intangible assets	(181)	—	(1,843)
Payments of long-term loan receivables	(1)	(4)	(10)
Repayments of long-term loan receivables	32	42	326
Others	(1)	(155)	(10)
Net cash (used in) provided by investing activities	(4,901)	1,724	(49,893)
<b>Financing activities:</b>			
Increase (decrease) in short-term bank loans	1,159	(1,207)	11,799
Proceeds from long-term debt	7,500	—	76,352
Repayments of long-term debt	(8,650)	(1,100)	(88,058)
Purchases of treasury stock	(1,638)	(6,326)	(16,676)
Cash dividends paid	(2,356)	(1,926)	(23,985)
Others	(7)	—	(71)
Net cash used in financing activities	(3,992)	(10,559)	(40,639)
Effect of exchange rate changes on cash and cash equivalents	(1,175)	(55)	(11,962)
Net decrease in cash and cash equivalents	(7,889)	(1,445)	(80,311)
Cash and cash equivalents at the beginning of year	34,583	36,028	352,061
Cash and cash equivalents at end of year (Note 14)	¥26,694	¥34,583	\$271,750

See accompanying notes to financial statements.