

Consolidated Statements of Cash Flows

Toagosei Co., Ltd. and Consolidated Subsidiaries

Years ended December 31,	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	2009
Operating activities			
Income before income taxes and minority interests.....	¥ 7,205	¥ 6,869	\$ 78,233
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization.....	9,242	9,713	100,349
Impairment losses on property, plant and equipment.....	2,486	674	26,998
Increase in provision for doubtful receivables.....	171	1,917	1,862
Reversal of provision for retirement benefits.....	(474)	(861)	(5,150)
Decrease in other provisions.....	(49)	(30)	(535)
Interest and dividend income.....	(422)	(607)	(4,590)
Interest expense.....	279	313	3,033
Foreign currency exchange loss (gain).....	(19)	312	(217)
Equity in earnings of affiliates.....	(361)	(265)	(3,921)
Gain on sales of property, plant and equipment.....	(11)	(15)	(126)
Gain on sales of investments in securities.....	(0)	(36)	(0)
Loss on disposal of property, plant and equipment.....	1,063	837	11,549
Loss on valuation of investment in securities.....	10	777	108
Valuation loss on investments in affiliated companies.....	65	—	711
Decrease (increase) in receivables.....	5,056	2,367	54,901
Decrease (increase) in inventories.....	3,517	(1,986)	38,188
Increase (decrease) in payables.....	(3,696)	(1,175)	(40,139)
Other, net.....	993	(467)	10,782
Subtotal.....	25,054	18,336	272,039
Interest and dividends received.....	833	1,064	9,045
Interest paid.....	(245)	(268)	(2,662)
Income taxes paid.....	(2,941)	(5,852)	(31,939)
Net cash provided by operating activities.....	22,701	13,280	246,482
Investing activities			
Increase in time deposits.....	(309)	—	(3,360)
Purchases of investments in securities.....	(58)	(1,068)	(638)
Proceeds from sales of investments in securities.....	0	205	7
Purchases of property, plant and equipment.....	(5,342)	(6,494)	(58,007)
Proceeds from sales of property, plant and equipment.....	16	189	184
Decrease (increase) in short-term loans receivable.....	—	(60)	—
Decrease (increase) in overdue loans receivable.....	399	(548)	4,332
Collection of long-term loans receivable.....	65	72	706
Payment for purchase of a newly consolidated subsidiary.....	—	(382)	—
Other, net.....	(945)	(690)	(10,263)
Net cash used in investing activities.....	(6,174)	(8,776)	(67,038)
Financing activities			
Decrease (increase) in short-term bank loans.....	(4,919)	4,291	(53,410)
Decrease in commercial paper.....	(6,000)	(5,000)	(65,146)
Proceeds from long-term debt.....	3,000	3,000	32,573
Repayment of long-term debt.....	(1,839)	(3,708)	(19,968)
Proceeds from sales of treasury stock.....	9	62	100
Purchases of treasury stock.....	(2,037)	(202)	(22,126)
Repayment of lease obligations.....	(46)	(9)	(502)
Cash dividends to shareholders.....	(2,159)	(2,492)	(23,444)
Net cash used in financing activities.....	(13,992)	(4,057)	(151,924)
Effect of exchange rate changes on cash and cash equivalents.....	27	(330)	295
Net increase in cash and cash equivalents.....	2,561	115	27,814
Cash and cash equivalents at beginning of the year.....	9,826	9,710	106,689
Cash and cash equivalents at end of the year.....	¥12,387	¥ 9,826	\$134,504

See accompanying notes to consolidated financial statements.