

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash flows from operating activities:			
Income before income taxes	¥ 4,429	¥ 6,540	\$ 45,088
Adjustments to reconcile net income before income taxes to cash provided by operating activities:			
Depreciation and amortization	2,821	3,867	28,718
Depreciation of leased assets	—	338	—
Loss on impairment of long-lived assets	452	154	4,601
Allowance for doubtful receivables	(389)	1,707	(3,960)
Interest and dividend income	(1,455)	(1,590)	(14,812)
Interest expense	1,588	2,090	16,166
Equity in losses of unconsolidated subsidiaries and affiliates, less dividends	449	304	4,571
Gain on sale of property and equipment	(143)	(265)	(1,456)
Loss on fire	—	114	—
Gain on compensation received for damages	(137)	—	(1,395)
Increase in provision for loss on debt guarantees	282	—	2,871
Increase in provision for loss on business liquidation	2,231	—	22,712
Gain on sale of investment securities	(4,683)	(889)	(47,674)
Gain on sale of investment in subsidiaries	—	(231)	—
Loss on valuation of investment securities	364	—	3,706
Loss on valuation of investment in subsidiaries and affiliates	132	—	1,344
Loss on disposal of property and equipment	749	—	7,625
Decrease (increase) in receivables	39,936	(15,039)	406,556
Decrease (increase) in inventories	537	(2,415)	5,467
Increase in other current assets	(2,075)	(2,346)	(21,124)
Increase (decrease) in payables	(30,458)	698	(310,068)
Increase in other current liabilities	1,853	85	18,864
Other - net	216	316	2,199
	16,699	(6,562)	169,999
Interest and dividends received	1,477	1,657	15,036
Interest paid	(1,554)	(2,065)	(15,820)
Gain on insurance claims	242	221	2,464
Income taxes paid	(5,301)	(1,245)	(53,965)
Refund of corporate tax	—	3,737	—
Net cash provided by (used in) operating activities	11,563	(4,257)	117,714
Cash flows from investing activities:			
Payments for time deposits	(24)	(22)	(244)
Proceeds from time deposits	102	630	1,038
Purchase of short-term investment securities	(18)	—	(183)
Acquisitions of property and equipment	(2,146)	(2,540)	(21,847)
Proceeds from sale of property and equipment	227	908	2,311
Acquisitions of intangible assets	(3,048)	(923)	(31,029)
Payments for purchase of investment securities	(2,077)	(2,194)	(21,144)
Proceeds from sale of investment securities	7,077	2,314	72,045
Proceeds from repayment of investment securities	—	642	—
Net increase (decrease) in short-term loans receivable	(320)	355	(3,258)
Long-term loans receivable advanced	(193)	(1,102)	(1,965)
Proceeds from collection of long-term loans receivable	1,279	575	13,020
Payments for acquisition of shares of newly consolidated subsidiaries (Note 12)	—	(129)	—
Payments for sales of shares of consolidated subsidiaries (Note 12)	—	(127)	—
Payments for acquisition of business	—	(160)	—
Other - net	89	414	907
Net cash provided by (used in) investing activities	948	(1,359)	9,651

See accompanying Notes to Consolidated Financial Statements.

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Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	¥ (4,126)	¥ 7,860	(42,003)
Proceeds from long-term debt	7,525	3,418	76,606
Repayment of long-term debt	(9,727)	(4,847)	(99,023)
Proceeds from issuance of stock	—	204	—
Dividends paid	(651)	(714)	(6,627)
Dividends paid to minority interests	(96)	(9)	(977)
Other - net	(53)	(5)	(540)
Net cash provided by (used in) financing activities	<u>(7,128)</u>	<u>5,907</u>	<u>(72,564)</u>
Effects of foreign exchange rates on cash and cash equivalents	(1,681)	68	(17,114)
Net increase in cash and cash equivalents	<u>3,702</u>	<u>359</u>	<u>37,687</u>
Cash and cash equivalents at beginning of year	6,671	6,312	67,912
Cash and cash equivalents of newly consolidated subsidiaries:	808	—	8,226
Cash and cash equivalents at end of year (Note 12)	<u>¥ 11,181</u>	<u>¥ 6,671</u>	<u>\$ 113,825</u>

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