

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Cash flows from operating activities:			
Income before income taxes	¥ 10,604	¥ 4,185	\$ 127,529
Adjustments to reconcile net income before income taxes to cash provided by operating activities:			
Depreciation and amortization	2,526	2,386	30,379
Allowance for doubtful receivables	(1,504)	813	(18,088)
Interest and dividend income	(1,410)	(1,115)	(16,957)
Interest expense	874	959	10,511
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates, less dividends	512	1,370	6,158
Increase (decrease) in provision for loss on business liquidation	(128)	(1,385)	(1,539)
Increase (decrease) in provision for loss on debt guarantees	-	(263)	-
Loss on disposal of noncurrent assets	1,577	-	18,966
Loss (gain) on sale of noncurrent assets	-	191	-
Loss (gain) on sale of investment securities	-	(211)	-
Loss (gain) on sale of investment in subsidiaries and affiliates	(3,200)	-	(38,485)
Loss on valuation of investment securities	266	783	3,199
Loss on valuation of investment in subsidiaries and affiliates	-	244	-
Decrease (increase) in receivables	(4,616)	(20,389)	(55,514)
Decrease (increase) in inventories	(6,420)	3,723	(77,210)
Decrease (increase) in other current assets	1,584	3,711	19,050
Increase (decrease) in payables	4,402	16,878	52,940
Increase (decrease) in other current liabilities	3,477	(2,640)	41,816
Other - net	1,359	(250)	16,343
Subtotal	9,903	8,990	119,098
Interest and dividends received	1,418	1,121	17,054
Interest paid	(875)	(1,037)	(10,523)
Income taxes paid	(1,950)	(3,098)	(23,452)
Net cash provided by (used in) operating activities	8,496	5,976	102,177
Cash flows from investing activities:			
Payments for time deposit	(896)	(447)	(10,776)
Proceeds from time deposit	542	67	6,518
Purchase of short term investment securities	(0)	(18)	(0)
Acquisitions of property and equipment	(1,347)	(1,317)	(16,200)
Proceeds from sale of property and equipment	124	298	1,491
Acquisitions of intangible assets	(1,858)	(3,724)	(22,345)
Payments for purchase of investment securities	(608)	(780)	(7,312)
Proceeds from sale of investment securities	130	444	1,563
Payments for purchase of investment in subsidiaries	(110)	(311)	(1,323)
Proceeds from sale of investment in subsidiaries	10	33	120
Proceeds from sale of shares of subsidiaries excluded from the consolidation scope (Note 13)	3,190	-	38,364
Net decrease (increase) in short-term loans receivable	(965)	(146)	(11,606)
Long-term loans receivable advanced	(16)	(14)	(192)
Proceeds from collection of long-term loans receivable	386	280	4,642
Other - net	(19)	106	(227)
Net cash provided by (used in) investing activities	(1,437)	(5,529)	(17,283)

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	¥ 4,662	¥ (7,312)	\$ 56,067
Proceeds from long-term debt	1,175	3,100	14,131
Repayment of long-term debt	(949)	(1,503)	(11,413)
Dividends paid	(781)	(651)	(9,393)
Dividends paid to minority interests	(78)	(43)	(938)
Other - net	(48)	3	(577)
Net cash provided by (used in) financing activities	3,981	(6,406)	47,877
Effects of foreign exchange rates on cash and cash equivalents	(276)	174	(3,319)
Net increase (decrease) in cash and cash equivalents	10,764	(5,785)	129,452
Cash and cash equivalents at beginning of year	5,014	11,181	60,301
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	68	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(450)	-
Cash and cash equivalents at end of year (Note 13)	¥ 15,778	¥ 5,014	\$ 189,753

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