

# Consolidated Statements of Cash Flows

TAISEI CORPORATION and Consolidated Subsidiaries  
Years Ended March 31, 2010 and 2011

|   | Millions of Yen |           | Thousands of<br>U.S. Dollars |
|---|-----------------|-----------|------------------------------|
|   | 2009            | 2010      | (Note 1)<br>2011             |
| <b>Cash flows from operating activities:</b>  |                 |           |                              |
| Income before income taxes and other items  | ¥ 35,516        | ¥ 19,374  | \$ 233,001                   |
| Adjustments to reconcile income before income taxes and other items to net cash provided by operating activities: |                 |           |                              |
| Depreciation and amortization   | 9,171           | 8,520     | 102,465                      |
| Impairment losses on fixed assets   | 3,088           | 3,206     | 38,557                       |
| Interest and dividend income  | (3,438)         | (3,283)   | (39,483)                     |
| Interest expense  | 9,435           | 8,678     | 104,366                      |
| Foreign exchange losses   | 381             | 4,040     | 48,587                       |
| Write-down of investment securities   | 502             | 2,522     | 30,331                       |
| Gains on sale of investment securities  | (15,302)        | (1,259)   | (15,141)                     |
| Losses (Gains) on sale of property and equipment  | (3,261)         | 15        | 180                          |
| Gains on negative goodwill  | (12,856)        | -         | -                            |
| Changes in assets and liabilities:  |                 |           |                              |
| Decrease in trade receivables   | 42,224          | 101,202   | 1,217,102                    |
| Decrease in cost on uncompleted contract  | 84,910          | 1,099     | 13,217                       |
| Decrease in inventories other than cost on uncompleted contract   | 9,106           | 3,056     | 36,753                       |
| Decrease in trade payables  | (114,710)       | (4,788)   | (57,583)                     |
| Decrease in advances received and progress billings on uncompleted contracts                                      | (19,150)        | (2,366)   | (28,455)                     |
| Increase (decrease) in allowance for doubtful accounts  | 14,757          | (4,552)   | (54,744)                     |
| Decrease in allowance for losses on construction contracts  | (2,261)         | (1,246)   | (14,985)                     |
| Decrease in allowance for losses on construction contracts  | 3,167           | 1,747     | 21,010                       |
| Increase in retirement benefits   | (3,452)         | (23,252)  | (279,639)                    |
| Decrease in deposit received  | (13,631)        | 16,202    | 194,852                      |
| Other, net  | 24,196          | 128,915   | 1,550,391                    |
| <b>Cash received (paid) during the year for:</b>  |                 |           |                              |
| Interest and dividends received   | 3,646           | 3,679     | 44,245                       |
| Interest paid   | (9,750)         | (8,568)   | (103,042)                    |
| Income taxes paid   | (2,090)         | (5,132)   | (61,720)                     |
| Net cash provided by (used in) operating activities   | 16,002          | 118,894   | 1,429,874                    |
| <b>Cash flows from investing activities:</b>  |                 |           |                              |
| Decrease in time deposits   | 1,041           | 360       | 4,330                        |
| Purchase of marketable and investment securities  | (5,623)         | (6,468)   | (77,787)                     |
| Proceeds from sale of marketable and investment securities  | 46,324          | 7,353     | 88,431                       |
| Purchase of property, equipment and intangible assets   | (6,255)         | (5,538)   | (66,603)                     |
| Proceeds from sale of property, equipment and intangible assets   | 5,709           | 659       | 7,925                        |
| Other, net  | (325)           | (268)     | (3,223)                      |
| Net cash provided by (used in) investing activities   | 40,871          | (3,902)   | (46,927)                     |
| <b>Cash flows from financing activities:</b>  |                 |           |                              |
| Decrease in short-term borrowings   | (29,799)        | (33,614)  | (404,257)                    |
| Decrease in commercial papers   | (956)           | (29,990)  | (360,673)                    |
| Proceeds from long-term debt  | 94,314          | 97,974    | 1,178,280                    |
| Repayment of long-term debt   | (104,733)       | (93,192)  | (1,120,770)                  |
| Cash dividends paid, including those to minority interest   | (4,789)         | (5,574)   | (67,035)                     |
| Other, net  | (340)           | (355)     | (4,270)                      |
| Net cash provided by financing activities   | (46,303)        | (64,751)  | (778,725)                    |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>   | (1,987)         | (2,496)   | (30,019)                     |
| <b>Net increase in cash and cash equivalents</b>  | 8,583           | 47,745    | 574,203                      |
| <b>Cash and cash equivalents at beginning of year</b>   | 148,349         | 155,929   | 1,875,274                    |
| <b>Decrease in cash and cash equivalents resulting from change of scope of consolidation</b>                      | (1,003)         | -         | -                            |
| <b>Cash and cash equivalents at end of year (Note 3)</b>  | ¥ 155,929       | ¥ 203,674 | \$ 2,449,477                 |

The accompanying notes are an integral part of these statements.