

CONSOLIDATED STATEMENTS OF CASH FLOWS

Toray Industries, Inc. and Consolidated Subsidiaries
Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2007	2006	2007
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 81,705	¥ 80,342	\$ 692,415
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	72,689	64,444	616,008
Loss on impairment of fixed assets	14,873	1,741	126,042
Interest and dividend income	(3,206)	(2,514)	(27,169)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(8,331)	(6,214)	(70,602)
Interest expense	9,831	7,969	83,314
Loss on sales and disposal of property, plant and equipment, net	3,688	2,540	31,254
Gain and loss on sales and loss on write-down of investment securities, net	(7,545)	(3,476)	(63,941)
Increase (decrease) in accrued employees' retirement benefits	240	(3,938)	2,034
(Increase) decrease in trade receivables	(23,494)	7,075	(199,102)
Increase in inventories	(32,132)	(21,264)	(272,305)
Decrease in trade payables	(3,687)	(12,236)	(31,246)
Other, net	(5,020)	10,435	(42,541)
Subtotal	99,611	124,904	844,161
Interest and dividends received	8,102	14,087	68,661
Interest paid	(9,231)	(7,795)	(78,229)
Income taxes paid	(20,943)	(15,174)	(177,483)
Net cash provided by operating activities	77,539	116,022	657,110
Cash flows from investing activities:			
Capital expenditures	(123,404)	(102,002)	(1,045,797)
Purchases of investment securities	(11,551)	(24,162)	(97,890)
Proceeds from sales of investment securities	11,029	4,917	93,466
Proceeds from sales of property, plant and equipment	2,774	2,163	23,508
Additional acquisition of shares of consolidated subsidiaries	—	(6,636)	—
Other, net	(2,963)	45	(25,109)
Net cash used in investing activities	(124,115)	(125,675)	(1,051,822)
Cash flows from financing activities:			
Net (decrease) increase in short-term debt	(39,194)	11,966	(332,153)
Proceeds from long-term debt	129,515	47,495	1,097,585
Repayment of long-term debt	(46,418)	(53,622)	(393,373)
Cash dividends paid	(13,967)	(11,803)	(118,364)
Other, net	334	939	2,830
Net cash provided by (used in) financing activities	30,270	(5,025)	256,525
Effect of exchange rate changes on cash and cash equivalents	1,394	2,647	11,814
Net decrease in cash and cash equivalents	(14,912)	(12,031)	(126,373)
Cash and cash equivalents at beginning of year	86,961	98,739	736,958
Beginning balance of cash and cash equivalents at subsidiaries not previously included in consolidation	53	253	449
Cash and cash equivalents at end of year	¥ 72,102	¥ 86,961	\$ 611,034

See accompanying notes to consolidated financial statements.