

Consolidated Statements of Cash Flows

Showa Shell Sekiyu K.K. and Consolidated Subsidiaries

Year ended December 31, 2001 and 2000

	Millions of yen	
	2001	2000
Cash flow provided by operating activities:		
Net income before taxes and others	¥ 3,998	¥ 23,763
Depreciation.....	28,598	29,006
Loss on disposal of property, plant and equipment.....	4,671	11,196
Gain on sale of property, plant and equipment	(14,847)	(12,110)
Loss on devaluation of investment securities.....	1,779	9,140
(Decrease) increase in investment loss reserve.....	(11,124)	841
(Decrease) increase in bad debts reserve.....	(1,632)	2,285
Decrease in the provision for retirement allowances.....	(51,461)	(297)
Increase in termination and retirement benefits	79,194	—
Interest and dividends received.....	(1,178)	(1,792)
Interest paid	5,359	6,781
Decrease (increase) in account receivables	39,391	(20,546)
Decrease (increase) in inventories	24,527	(22,691)
(Decrease) increase in account payables	(20,670)	36,989
Other	10,887	4,781
Subtotal	97,495	67,349
Interest and dividends received.....	1,132	1,865
Interest paid	(6,483)	(6,027)
Corporate and other taxes paid.....	(8,866)	(16,984)
Cash flow provided by operating activities.....	83,277	46,202
Cash flow provided by investing activities:		
Payments to time deposits	(202)	(138)
Receipts from time deposits.....	380	260
Payment for purchases of property, plant and equipment.....	(7,690)	(6,172)
Proceeds from sale of marketable securities	21,746	20,346
Payment for purchases of investment securities.....	(258)	(732)
Proceeds from sale of investment securities.....	3,184	948
Proceeds from redemption of bond	15,118	—
Net increase (decrease) in short-term loans.....	833	(160)
Payment of long-term loans	(933)	(1,447)
Proceeds from the collection of long-term loans	1,159	1,453
Other	(2,270)	(1,417)
Cash flow provided by investing activities.....	31,067	12,941
Cash flow provided by (used in) financing activities:		
Decrease in short-term bank borrowing	(26,655)	(9,423)
Decrease (increase) in commercial paper.....	1,000	(4,000)
Proceeds from issuance of long-term borrowing	600	9,766
Repayment of long-term borrowing.....	(60,350)	(38,910)
Increase in cash due to merger of consolidated subsidiaries	(15,000)	—
Payment for retirement of stock	—	(1,233)
Payment for purchases of treasury stock.....	(885)	(195)
Dividends paid to minority interests	(102)	(111)
Dividends paid	(5,639)	(4,142)
Other	35	(0)
Cash flow used in financing activities	(106,997)	(48,251)
Net increase in cash and cash equivalents.....	7,347	10,892
Cash and cash equivalents at the beginning of year	17,411	6,027
Increase in cash due to addition of consolidated subsidiaries.....	361	515
Increase in cash due to merger of consolidated subsidiaries	22	—
Decrease in cash due to exclusion of consolidated subsidiaries	(61)	(23)
Cash and cash equivalents at the end of year.....	25,081	17,411