

# Consolidated Statements of Cash Flows

Showa Shell Sekiyu K.K. and Consolidated Subsidiaries

Year ended December 31, 2002 and 2001

	Millions of yen	
	2002	2001
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests.....	¥ 32,586	¥ 3,998
Depreciation.....	26,729	28,598
Loss on disposal of property, plant and equipment.....	5,072	4,671
Gain on sale of property, plant and equipment.....	(4,851)	(14,847)
Loss on write-down of investments in securities.....	977	1,779
Decrease in investment loss reserve.....	—	(11,124)
Increase (decrease) in allowance for doubtful receivables.....	224	(1,632)
Decrease in the provision for retirement allowance.....	—	(51,461)
Increase in allowance for retirement benefits.....	558	79,194
Interest and dividend income.....	(909)	(1,178)
Interest expenses.....	3,356	5,359
(Increase) decrease in notes and accounts receivables.....	(19,303)	39,391
(Increase) decrease in inventories.....	(25,431)	24,527
Increase (decrease) in notes and accounts payables.....	27,876	(20,670)
Others.....	7,689	10,890
Subtotal.....	54,573	97,495
Interest and dividend income received.....	1,039	1,132
Interest expense paid.....	(3,588)	(6,484)
Income taxes paid.....	(28,762)	(8,866)
<b>Net cash provided by operating activities.....</b>	<b>23,262</b>	<b>83,277</b>
<b>Cash flows from investing activities:</b>		
Payments for purchase of time deposits.....	(116)	(202)
Proceeds from maturity of time deposits.....	215	380
Payment for purchase of property, plant and equipment.....	(13,823)	(7,690)
Proceeds from sale of property, plant and equipment.....	6,766	21,746
Payment for purchase of investments in securities.....	(1,451)	(258)
Proceeds from sale of investments in securities.....	887	3,184
Proceeds from redemption of investments in bond.....	100	15,118
(Increase) decrease in short-term loans (net).....	(333)	833
Payment of long-term loans.....	(281)	(933)
Proceeds from the collection of long-term loans.....	77	1,159
Others.....	(2,751)	(2,270)
<b>Net cash (used in) provided by investing activities.....</b>	<b>(10,710)</b>	<b>31,067</b>
<b>Cash flows from financing activities:</b>		
Decrease in short-term debt (net).....	(15,702)	(26,655)
Increase in commercial paper (net).....	23,000	1,000
Proceeds from long-term debt.....	1,086	600
Repayment of long-term debt.....	(18,789)	(60,350)
Payment for redemption of bonds.....	(10,000)	(15,000)
Payment for purchase of treasury stock.....	(1,063)	(885)
Cash dividends paid to minority interests.....	(105)	(102)
Cash dividends paid.....	(8,995)	(5,639)
Others.....	94	34
<b>Net cash used in financing activities.....</b>	<b>(30,474)</b>	<b>(106,997)</b>
<b>Net (decrease) increase in cash and cash equivalents.....</b>	<b>(17,922)</b>	<b>7,347</b>
Cash and cash equivalents at beginning of the year.....	25,081	17,411
Increase in cash and cash equivalents due to inclusion of consolidated subsidiaries.....	—	362
Increase in cash and cash equivalents due to merger.....	6	—
Increase in cash and cash equivalents due to merger of consolidated subsidiaries.....	22	22
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation.....	(22)	(61)
<b>Cash and cash equivalents at end of the year.....</b>	<b>7,165</b>	<b>25,081</b>

Relation between cash and cash equivalents at year-end and cash in hand and at bank on the balance sheets:

	Millions of yen	
Cash in hand and at bank on the balance sheets.....	7,651	25,666
Time deposits whose maturity periods exceed three months.....	(486)	(585)
<b>Cash and cash equivalents.....</b>	<b>7,165</b>	<b>25,081</b>