

Consolidated Statements of Cash Flows

Showa Shell Sekiyu K.K. and Consolidated Subsidiaries
Years ended December 31, 2004 and 2003

	Millions of yen	
	2004	2003
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 24,814	¥ 36,937
Depreciation	24,653	25,138
Loss on impairment of fixed assets	33,728	—
Loss on disposal of property, plant and equipment	4,813	3,879
Gain on sale of property, plant and equipment	(1,715)	(2,052)
Loss on write-down of investments in securities	150	511
Increase (decrease) in allowance for doubtful accounts	150	(724)
Increase (decrease) in reserve for retirement benefits	(191)	(209)
Interest and dividend income	(289)	(492)
Interest expenses	2,344	2,879
(Increase) decrease in notes and accounts receivable	(13,160)	19,005
(Increase) decrease in inventories	(43,331)	8,912
Increase (decrease) in notes and accounts payable	25,633	(27,330)
Others	(5,819)	(4,126)
Subtotal	51,780	62,328
Interest and dividend income received	292	641
Interest expenses paid	(2,406)	(3,069)
Income taxes paid	(20,068)	(5,196)
Net cash provided by operating activities	29,598	54,704
Cash flows from investing activities:		
Payments for purchase of time deposits	(5)	(17)
Proceeds from maturity of time deposits	—	290
Payment for purchase of property, plant and equipment	(12,408)	(11,574)
Proceeds from sale of property, plant and equipment	3,723	3,898
Payment for purchase of investments in securities	(11,365)	(454)
Proceeds from sale of investments in securities	2,308	1,698
(Increase) decrease in short-term loans (net)	105	843
Payment of long-term loans	(519)	(282)
Proceeds from the collection of long-term loans	204	29
Others	(1,237)	(2,305)
Net cash used in investing activities	(19,194)	(7,874)
Cash flows from financing activities:		
Increase (decrease) in short-term debt (net)	(4,173)	20,652
Increase (decrease) in commercial paper (net)	4,000	(36,000)
Proceeds from long-term debt	6,000	2,100
Repayment of long-term debt	(12,614)	(16,488)
Proceeds from issuance of bonds	—	15,000
Payment for redemption of bonds	—	(15,000)
Payment for purchase of treasury stock	(8)	(4)
Cash dividends paid to minority interests	(101)	(100)
Cash dividends paid	(11,236)	(9,354)
Others	432	27
Net cash used in financing activities	(17,700)	(39,167)
Net increase (decrease) in cash and cash equivalents	(7,296)	7,663
Cash and cash equivalents at beginning of the year	15,151	7,165
Increase in cash and cash equivalents due to inclusion of consolidated subsidiaries	—	323
Increase in cash and cash equivalents due to merger of consolidated subsidiaries	458	—
Cash and cash equivalents at end of the year	¥ 8,313	¥ 15,151

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

	Millions of yen	
	2004	2003
Cash in hand and at bank on the balance sheets	¥ 8,553	¥ 15,382
Time deposits whose maturity periods exceed three months	(240)	(231)
Cash and cash equivalents	¥ 8,313	¥ 15,151

*All figures have been rounded to the nearest million.
The accompanying notes are an integral part of these statements.