

Consolidated Statements of Cash Flows

Showa Shell Sekiyu K.K. and Consolidated Subsidiaries
Years ended December 31, 2005 and 2004

Millions of yen

	2005	2004
Cash flows from operating activities		
Net income before taxes	¥99,119	¥24,814
Depreciation	23,979	24,653
Impairment losses	1,894	33,728
Loss from sale of fixed assets	1,663	4,813
Profit from sale of fixed assets	(1,824)	(1,715)
Valuation loss of investment securities	43	150
Changes in provisions for bad debts	(473)	150
Changes in provision for retirement benefits	(1,041)	(191)
Interest and dividend income	(520)	(289)
Interest expense	2,620	2,344
Changes in accounts receivable	(69,675)	(13,160)
Changes in inventories	(58,678)	(43,331)
Changes in accounts payable	50,812	25,632
Others	16,781	(5,819)
Subtotal	64,700	51,780
Interests and dividends received	896	292
Interests paid	(2,986)	(2,406)
Corporate taxes paid	(36,803)	(20,068)
Cash flow from operating activities	25,806	29,598
Cash flows from investing activities		
Deposit to savings account	(8)	(5)
Payments for purchase of fixed assets	(17,442)	(12,408)
Proceeds from sales of fixed assets	3,347	3,723
Payments for purchase of investment securities	(10,420)	(11,365)
Proceeds from sales of investment securities	471	2,308
Changes in short-term loan	415	105
Long-term loan lent	(117)	(519)
Long-term loan collected	12	204
Payments for additional purchase of consolidated subsidiaries	(949)	—
Others	(3,858)	(1,236)
Cash flow from investing activities	(28,548)	(19,194)
Cash flows from financing activities		
Changes in short-term debts	(14,292)	(4,173)
Changes in commercial papers	63,000	4,000
Proceeds from long-term debts	9,500	6,000
Repayments of long-term debts	(10,012)	(12,614)
Redemptions of bonds	(15,000)	—
Payment for purchase of treasury shares	(9)	(8)
Dividends paid	(13,133)	(11,235)
Dividend payments for minority interests	(101)	(101)
Others	775	432
Cash flow from financial activities	20,725	(17,700)
Changes in cash and cash equivalents	17,982	(7,296)
Cash and cash equivalents from opening balance	8,313	15,151
Increase in cash for newly consolidated subsidiaries	3,057	—
Increase in cash by subsidiaries mergers	1	458
Cash and cash equivalent from closing balance	¥29,354	¥ 8,313

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

Millions of yen

	2005	2004
Cash and deposits on the balance sheets	¥29,651	¥8,553
Time deposit exceeding three months	(296)	(240)
Cash and cash equivalents	¥29,354	¥8,313

Fractions below 1 million yen is rounded off.