

Consolidated Statements of Cash Flows

THE SEIYU, LTD. AND SUBSIDIARIES

For the years ended 28th February 2003, 2002 and 2001

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	For the year ended 28th February 2003	2002	2001	For the year ended 28th February 2003
Cash Flows from Operating Activities:				
(Loss) income before income taxes	¥ (81,792)	¥(12,883)	¥ 1,814	\$ (694,628)
Adjustments for:				
Depreciation and amortization	20,870	23,558	24,357	177,245
Decrease in allowance for doubtful accounts	9,650	2,299	(8,811)	81,951
(Decrease) increase in accrued employees' severance indemnities	(6,827)	9,406	570	(57,981)
Decrease in accrued bonuses to employees	—	(2,878)	(291)	—
Interest and dividend income	(1,349)	(1,466)	(1,129)	(11,453)
Interest expense	9,347	9,121	8,545	79,384
Equity in earnings of unconsolidated subsidiaries and affiliates	(381)	(348)	(280)	(3,238)
Gain on sale of securities	—	—	(2,625)	—
Gain on sale of investment securities	(411)	(6,251)	(5,214)	(3,489)
Loss on sale of investment securities	238	105	471	2,018
Loss on write-down of securities	40,415	9,065	2,716	343,230
Losses on restructuring (Note 2 (a))	38,088	—	—	323,469
Loss (gain) on disposal/sale of property and equipment, net	3,875	9,312	(1,798)	32,910
Decrease in notes and trade receivables	407	2,440	2,635	3,453
Decrease in inventories	4,290	2,087	1,300	36,430
Decrease (increase) in finance receivables	2,313	(3,688)	16,903	19,643
Decrease (increase) in payables	(9,743)	(5,201)	926	(82,744)
Other, net	3,414	(2,765)	5,853	28,993
Sub total	32,404	31,913	45,942	275,193
Interest and dividend received	1,632	1,880	1,067	13,859
Interest paid	(8,567)	(9,250)	(9,013)	(72,755)
Income tax paid	(1,255)	(1,928)	(2,213)	(10,655)
Net cash provided by operating activities	24,214	22,615	35,783	205,642
Cash Flows from Investing Activities:				
Decrease (increase) in time deposits, net	2,367	(3,153)	400	20,103
Payment for purchase of securities	(485)	(2,939)	(24,115)	(4,118)
Proceeds from sale of securities	50	4,432	22,036	429
Payment for purchase of property and equipment	(34,172)	(31,397)	(18,509)	(290,207)
Proceeds from sale of property and equipment	4,511	4,606	38,070	38,309
Payment for purchase of investment securities	(1,634)	(23,019)	(13,091)	(13,879)
Proceeds from sale of investment securities	1,708	13,111	7,710	14,505
Payment for restructuring	(21,011)	—	—	(178,435)
Payment for long-term loan receivables	(1,455)	(350)	(16,398)	(12,355)
Payment for short-term loan receivables	(3,429)	(9,803)	—	(29,122)
Proceeds from long-term loan receivables	4,337	3,258	2,955	36,831
Payment for leasehold deposits	(792)	(770)	(11,196)	(6,729)
Proceeds from leasehold deposits	2,122	2,513	4,971	18,020
Other, net	(5,900)	(2,950)	9,614	(50,106)
Net cash (used for) provided by investing activities	(53,783)	(46,461)	2,447	(456,754)
Cash Flows from Financing Activities:				
Decrease in short-term borrowings and commercial paper, net	(210,281)	(516)	(34,114)	(1,785,824)
Payment for long-term debt	(182,385)	(77,385)	(39,566)	(1,548,919)
Proceeds from long-term debt	402,059	70,172	28,307	3,414,516
Proceeds from new share issue	63,091	—	15,624	535,803
Cash dividends to minority shareholders in consolidated subsidiaries	(80)	(64)	(85)	(683)
Other, net	(129)	1,694	827	(1,098)
Net cash provided by (used for) financing activities	72,275	(6,099)	(29,007)	613,795
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(289)	368	285	(2,454)
Net Increase (Decrease) in Cash and Cash Equivalents	42,417	(29,576)	9,508	360,229
Cash and Cash Equivalents at Beginning of Year	38,167	68,831	56,514	324,139
Increase in Cash and Cash Equivalents Due to Inclusion of Subsidiaries in Consolidation	—	—	2,809	—
Decrease in Cash and Cash Equivalents Due to Exclusion of Subsidiaries from Consolidation	(13)	(1,088)	—	(110)
Cash and Cash Equivalents at End of Year (Notes 3 and 4)	¥ 80,571	¥ 38,167	¥ 68,831	\$ 684,258