

Consolidated Statements of Cash Flows

ITOCHU Corporation and Subsidiaries
Years ended March 31, 2003, 2002 and 2001

	Millions of Yen			Thousands of U.S. dollars (Note 1)
	2003	2002	2001	2003
Cash flows from operating activities:				
Net income	¥ 20,078	30,191	70,507	\$ 167,038
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	33,794	35,839	31,854	281,148
Provision for doubtful accounts	16,845	16,831	49,759	140,141
Net loss (profit) on marketable securities, investments, property and equipment	13,937	(5,880)	(119,676)	115,948
Undistributed earnings of associated companies	(12,104)	(4,566)	(1,133)	(100,699)
Deferred income taxes	14,365	10,046	31,906	119,509
Other non-cash charges	16,272	10,031	18,574	135,375
Changes in assets and liabilities:				
Trade receivables	102,408	194,853	14,232	851,980
Due from associated companies	21,308	(1,909)	(6,923)	177,271
Inventories	20,780	48,361	(8,592)	172,879
Trade payables	(40,105)	(53,715)	13,251	(333,652)
Due to associated companies	(331)	11,969	7,964	(2,753)
Other-net	(38,404)	(75,548)	58,612	(319,501)
Net cash provided by operating activities	168,843	216,503	160,335	1,404,684
Cash flows from investing activities:				
Payments for purchase of property and equipment	(47,310)	(38,257)	(46,633)	(393,594)
Proceeds from sale of property and equipment	30,754	11,853	48,094	255,857
Net decrease (increase) in investments in and advances to associated companies	(8,558)	(50,895)	100,924	(71,198)
Payments for purchase of other investments	(47,335)	(66,989)	(58,852)	(393,802)
Proceeds from sale of other investments	43,354	46,899	92,558	360,682
Proceeds from sale of subsidiaries' common stock	4,385	13,282	168,911	36,481
Origination of other non-current receivables	(52,797)	(60,650)	(125,674)	(439,243)
Collections of other non-current receivables	70,116	115,130	234,838	583,328
Net decrease in time deposits and similar instruments	2,573	238,982	160,813	21,406
Net decrease (increase) in marketable securities	10,071	4,653	(10,272)	83,785
Net cash provided by investing activities	5,253	214,008	564,707	43,702
Cash flows from financing activities:				
Proceeds from long-term debt	483,477	492,770	166,049	4,022,271
Repayments of long-term debt	(620,534)	(630,515)	(755,351)	(5,162,512)
Net decrease in short-term debt	(22,205)	(86,856)	(133,616)	(184,734)
Proceeds from issuance of common stock	54,777	—	—	455,715
Proceeds from issuance of common stock to minority shareholders	1,405	6,475	7,538	11,689
Cash dividends	(7,521)	(10,691)	—	(62,571)
Cash dividends to minority shareholders	(3,164)	(3,187)	(2,222)	(26,322)
Net increase in treasury stock	(276)	(43)	—	(2,296)
Net cash used in financing activities	(114,041)	(232,047)	(717,602)	(948,760)
Effect of exchange rate changes on cash and cash equivalents	(5,633)	6,334	3,309	(46,864)
Net increase in cash and cash equivalents	54,422	204,798	10,749	452,762
Cash and cash equivalents at beginning of year	479,734	274,936	264,187	3,991,132
Cash and cash equivalents at end of year	¥ 534,156	479,734	274,936	\$4,443,894
Supplemental disclosures of cash flow information				
Cash paid during the year for:				
Interest	¥ 49,915	74,748	122,792	\$ 415,266
Income taxes	35,162	46,228	74,568	292,529
Information regarding non-cash investing and financing activities:				
Establishment of pension trust	70,358	85,016	45,846	585,341
Non-monetary exchange of shares	3,054	—	27,410	25,408
Shares acquired in a spin-off enterprise				
Assets contributed	—	306,916	—	—
Liabilities contributed	—	276,491	—	—
Shares acquired	—	30,425	—	—
Conversion of convertible bonds	—	—	56	—

See accompanying Notes to Consolidated Financial Statements.