turing charges consisted of approximately $3.3 million for qualifying exit costs for one service center and eleven regional office facilities with leases expiring through 2006 and severance and other employee benefits to be paid to approximately 80 personnel. In addition, the restructuring charges included provisions related to inventory valuation adjustments of $7.6 million for excess and obsolete inventory primarily associated with the Company's decision, as part of the restructuring plan, to close its Electronics Manufacturing Resources and Services facility and to terminate certain supplier and customer relationships. The majority of the severance costs were paid out by March 31, 2003.

Cumulative effect of change in accounting principle — goodwill

On April 1, 2002, the Company adopted SFAS No. 142, ''Goodwill and Other Intangible Assets.'' SFAS No. 142 addresses the accounting for goodwill and other intangible assets after an acquisition. Goodwill and other intangibles that have indefinite lives are no longer amortized, but are subject to annual impairment tests. All other intangible assets continue to be amortized over their estimated useful lives. Effective April 1, 2002, the Company discontinued amortization of its goodwill in accordance with SFAS No. 142.

Under the required transitional provisions of SFAS No. 142, the Company identified and evaluated its reporting units for impairment as of April 1, 2002, the first day of the Company's fiscal year 2003, using a two-step process and engaged an outside valuation consultant to assist in this process. The first step involved identifying the reporting units with carrying values, including goodwill, in excess of fair value. The fair value of goodwill was estimated using a combination of a discounted cash flow valuation model, incorporating a discount rate commensurate with the risks involved for each reporting unit, and a market approach of guideline companies in similar transactions. As a result of completing the first step of the process, it was determined that there was an impairment of goodwill at the date of adoption. This was due primarily to market conditions and relatively low levels of sales. In the second step of the process, the implied fair value of the affected reporting unit's goodwill was compared with its carrying value in order to determine the amount of impairment, that is, the amount by which the carrying amount exceeded the fair value. As a result, the Company recorded an impairment charge of $36.7 million, before tax, which was recorded as a cumulative effect of change in accounting principle in the first quarter of Fiscal 2003 and is reflected in the accompanying Consolidated Statement of Operations for the year ended March 31, 2003. The goodwill impairment was comprised of $25.6 million for the Industrial Electronics Division and $11.0 million for the operations of Aprisa which were sold and discontinued, respectively, in the fourth quarter of Fiscal 2003. As reflected in the accompanying Consolidated Statement of Cash Flows for Fiscal 2003 the charge resulting from the cumulative effect of change in accounting principle did not impact cash flow.

Liquidity and capital resources

The Company maintains a significant investment in accounts receivable and inventories. As of March 31, 2003 and 2002, accounts receivable and inventories totaled approximately 35.7% and 68.1% of total assets, excluding goodwill and assets of discontinued operations, respectively. At March 31, 2003, cash and short-term investments increased to $318.5 million from $21.4 million at March 31, 2002 and total debt decreased to $131.0 million at March 31, 2003 from $179.0 million in the prior year period. These increases/decreases are primarily the result of lower working capital needs and cash received from the sale of IED.

The net amount of cash provided by operating activities in Fiscal 2003 was $63.6 million, a decrease of $44.0 million from cash provided by operating activities in Fiscal 2002 of $107.6 million. This decrease was primarily the result of a loss from continuing operations, including cumulative effect of change in accounting principle, of $60.9 million consisting of a number of non-cash charges and a $20.7 million charge for restructuring incurred as a result of the reorganization of continuing operations after the sale of IED. This loss was offset by cash generated from decreases in accounts receivable and inventories primarily from lower working capital requirements due to decreased sales and improved asset utilization. The increase in cash provided by operating activities when comparing Fiscal 2002 with Fiscal 2001 was the result of the weak sales environment. In Fiscal 2002, the majority of the cash provided by operations was a result of decreases in accounts receivable and inventories.

For the year ended March 31, 2003, net cash provided by investing activities was $219.6 million. This cash consisted primarily of the initial proceeds of $226.6 million from the sale of IED in February 2003, slightly offset by cash used for capital expenditures of $8.4 million. For the years ended March 31, 2002 and 2001, net cash used for investing activities was $6.8 million and $32.7 million, respectively. This cash was used for capital expenditures of $5.8 million and $18.8 million in 2002 and 2001, respectively. In addition, the Company used cash in 2002 to make an additional investment of $1.0 million to maintain its 20% equity interest in Magirus AG, a German enterprise computer systems distributor. The original Magirus investment was acquired in 2001 for