

**Fullcast Co., Ltd.**  
**Consolidated Statements of Cash Flows**

Years ended September 30, 2002 and 2003

	Millions of yen		Thousand of U.S. dollars (Note 1)
	2002	2003	2003
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes and minority interests	¥1,076	¥2,552	\$22,939
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation	238	237	2,130
Allowance for doubtful accounts	(47)	16	144
Accrued bonuses	(48)	136	1,222
Accrued severance and retirement cost	154	28	252
Interest and dividend income	(31)	(43)	(387)
Interest expense	81	53	476
Loss on sales and disposal of property and equipment, net	6	(60)	(539)
Loss on valuation of investment securities	360	44	396
Equity in losses (profits) of affiliates	7	(7)	(63)
Amortization of consolidation goodwill	—	29	261
Other, net	(75)	(79)	(710)
Changes in current assets and liabilities:			
Trade notes and accounts receivable	(1,125)	(1,090)	(9,798)
Accounts payable	350	287	2,580
Other, net	(420)	241	2,167
Subtotal	526	2,344	21,070
Interest and dividends received	33	38	341
Interest paid	(82)	(51)	(458)
Income taxes paid	(504)	(785)	(7,056)
Net cash provided by (used in) operating activities	(27)	1,546	13,897
<b>Cash Flows from Investing Activities:</b>			
Proceeds from withdrawal of time deposits	195	—	—
Purchase of short-term investments	(99)	(300)	(2,697)
Proceeds from sales of short-term investment securities	500	200	1,798
Expenditures for property and equipment	(127)	(189)	(1,699)
Proceeds from sales of property and equipment	18	1,960	17,618
Purchase of intangible assets	(248)	(295)	(2,652)
Purchase of investment securities	(118)	(323)	(2,903)
Proceeds from sales of investment securities	132	81	728
Purchase of subsidiary's securities	(50)	(27)	(243)
Advance for loans receivable	(502)	(7)	(63)
Collection of loans receivable	3	505	4,539
Effect of changes in consolidation scope due to sales of subsidiary	(22)	—	—
Other, net	—	(1)	(8)
Net cash provided by (used in) investing activities	(318)	1,604	14,418

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	2002	2003	2003
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term borrowings	332	(429)	(3,856)
Proceeds from long-term debt	70	200	1,797
Repayment of long-term debt	(611)	(1,486)	(13,357)
Issuance of common stock	14	55	494
Contribution from minority shareholders of a consolidated subsidiary	40	—	—
Purchase of treasury stock	(508)	—	—
Proceeds from sales of treasury stock	—	80	719
Payment of dividends	(134)	(107)	(962)
Other, net	(57)	(54)	(485)
Net cash used in financing activities	(854)	(1,741)	(15,650)
<b>Net increase in Cash and Cash Equivalents</b>	(1,199)	1,409	12,665
<b>Cash and Cash Equivalents at Beginning of Period</b>	4,941	3,742	33,636
<b>Effect of Changes in Consolidation Scope on Cash and Cash Equivalents</b>	—	—	—
<b>Cash and Cash Equivalents at End of Period</b>	<u>¥3,742</u>	<u>¥5,151</u>	<u>\$46,301</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.