

Consolidated Statements of Cash Flows

Fujitsu Limited and Consolidated Subsidiaries
Years ended March 31

	2003	2004	2005	2005
			Yen (millions)	U.S. Dollars (thousands) (Note 3)
Cash flows from operating activities (A):				
Income (loss) before income taxes and minority interests	¥(147,606)	¥ 157,018	¥ 223,526	\$ 2,089,028
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	325,618	261,805	220,492	2,060,673
Goodwill amortization	17,667	31,144	11,626	108,654
Accrual (payments) for retirement benefits	8,936	22,923	7,269	67,935
Provision for loss on repurchase of computers	26,063	33,329	21,746	203,234
Reversal of provision for loss on repurchase of computers	(35,191)	(40,161)	(33,494)	(313,028)
Interest charges	29,913	23,331	18,247	170,533
Interest and dividend income	(8,495)	(6,668)	(8,643)	(80,776)
Equity in earnings of affiliates, net	(570)	862	(3,691)	(34,495)
Disposal of non-current assets	53,855	30,714	39,765	371,635
Gain on transfer of substitutional portion of employees' pension funds	—	(146,532)	—	—
Gain on sales of marketable securities	(29,362)	(134,624)	(133,299)	(1,245,785)
(Increase) decrease in receivables, trade	63,246	(101,803)	(26,320)	(245,981)
(Increase) decrease in inventories	39,538	42,637	37,965	354,813
(Increase) decrease in other current assets	(33,062)	6,628	13,808	129,047
Increase (decrease) in payables, trade	(60,500)	158,327	(47,859)	(447,280)
Increase (decrease) in other current liabilities	(60,800)	13,608	10,956	102,392
Other, net	(16,249)	3,865	(35,757)	(334,178)
Cash generated from operations	173,001	356,403	316,337	2,956,421
Interest paid	(30,920)	(24,142)	(18,858)	(176,243)
Interest received	6,422	2,763	4,638	43,346
Dividends received	8,282	6,358	4,694	43,869
Income taxes paid	(38,988)	(37,337)	(29,579)	(276,439)
Net cash provided by (used in) operating activities	117,797	304,045	277,232	2,590,954
Cash flows from investing activities (B):				
Purchases of property, plant and equipment	(163,503)	(141,596)	(151,862)	(1,419,271)
Proceeds from sales of property, plant and equipment	91,779	47,841	14,283	133,486
Purchases of intangible assets	(66,524)	(59,423)	(47,677)	(445,580)
Purchases of investment securities	(34,279)	(47,205)	(23,239)	(217,187)
Proceeds from sales of investment securities	98,303	269,110	161,047	1,505,112
Other, net	9,809	(1,338)	32,319	302,047
Net cash provided by (used in) investing activities	(64,415)	67,389	(15,129)	(141,393)
A+B (*)	53,382	371,434	262,103	2,449,561
Cash flows from financing activities:				
Proceeds from long-term debt	358,615	57,150	126,179	1,179,243
Repayment of long-term debt	(222,779)	(197,876)	(240,293)	(2,245,729)
Increase (decrease) in short-term borrowings	(105,167)	(76,741)	(48,816)	(456,224)
Increase (decrease) in minority interests	(2,702)	10,700	(1,024)	(9,570)
Dividends paid	(5,005)	—	(12,001)	(112,159)
Other, net	(90,199)	(33,135)	(36,079)	(337,187)
Net cash provided by (used in) financing activities	(67,237)	(239,902)	(212,034)	(1,981,626)
Effect of exchange rate changes on cash and cash equivalents	(3,230)	(3,199)	1,661	15,523
Net increase (decrease) in cash and cash equivalents	(17,085)	128,333	51,730	483,458
Cash and cash equivalents at beginning of year	299,418	282,333	413,826	3,867,533
Cash and cash equivalents of newly consolidated subsidiaries	—	3,160	947	8,850
Cash and cash equivalents of deconsolidated subsidiaries	—	—	(11,987)	(112,028)
Cash and cash equivalents at end of year	¥ 282,333	¥ 413,826	¥ 454,516	\$ 4,247,813
Noncash investing and financing activities:				
Acquisition of assets under finance leases	¥ 32,696	¥ 32,084	¥ 33,273	\$ 310,963
Increase in capital surplus as a result of stock exchange	—	—	50,156	468,748
Contribution of assets to an affiliated company	—	63,949	—	—

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

(*) This is referred to as "free cash flow" in Management's Discussion and Analysis of Operations.