

Consolidated Statements of Cash Flows

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	Yen (millions)			U.S. Dollars (thousands) (Note 3)
	2004	2005	2006	2006
Cash flows from operating activities (A):				
Income before income taxes and minority interests	¥ 157,018	¥ 223,526	¥ 118,084	\$ 1,000,712
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization, including goodwill amortization	292,949	232,118	242,376	2,054,034
Accrual (payments) for retirement benefits	22,923	7,269	4,906	41,576
Provision for loss on repurchase of computers	33,329	21,746	27,003	228,839
Reversal of provision for loss on repurchase of computers	(40,161)	(33,494)	(40,099)	(339,822)
Interest and dividend income	(6,668)	(8,643)	(10,495)	(88,941)
Interest charges	23,331	18,247	19,084	161,729
Equity in earnings of affiliates, net	862	(3,691)	1,478	12,525
Disposal of non-current assets	30,714	39,765	28,625	242,585
Gain on transfer of substitutional portion of employees' pension funds	(146,532)	—	—	—
Gain on sales of marketable securities	(134,624)	(133,299)	—	—
(Increase) decrease in receivables, trade	(101,803)	(26,320)	10,719	90,839
(Increase) decrease in inventories	42,637	37,965	5,746	48,695
(Increase) decrease in other current assets	6,628	13,808	(836)	(7,085)
Increase (decrease) in payables, trade	158,327	(47,859)	21,196	179,627
Increase (decrease) in other current liabilities	13,608	10,956	37,001	313,568
Other, net	3,865	(35,757)	(9,914)	(84,017)
Cash generated from operations	356,403	316,337	454,874	3,854,864
Interest received	2,763	4,638	5,814	49,271
Dividends received	6,358	4,694	4,589	38,890
Interest paid	(24,142)	(18,858)	(20,302)	(172,051)
Income taxes paid	(37,337)	(29,579)	(39,396)	(333,864)
Net cash provided by (used in) operating activities	304,045	277,232	405,579	3,437,110
Cash flows from investing activities (B):				
Purchases of property, plant and equipment	(141,596)	(151,862)	(221,100)	(1,873,729)
Proceeds from sales of property, plant and equipment	47,841	14,283	50,710	429,746
Purchases of intangible assets	(59,423)	(47,677)	(62,173)	(526,890)
Purchases of investment securities	(47,205)	(23,239)	(70,981)	(601,534)
Proceeds from sales of investment securities	269,110	161,047	22,353	189,432
Other, net	(1,338)	32,319	46,507	394,128
Net cash provided by (used in) investing activities	67,389	(15,129)	(234,684)	(1,988,847)
A+B (*)	371,434	262,103	170,895	1,448,263
Cash flows from financing activities:				
Proceeds from long-term debt	57,150	126,179	38,477	326,076
Repayment of long-term debt	(197,876)	(240,293)	(150,628)	(1,276,508)
Increase (decrease) in short-term borrowings	(76,741)	(48,816)	(44,503)	(377,144)
Increase (decrease) in minority interests	10,700	(1,024)	(3,250)	(27,542)
Dividends paid	—	(12,001)	(12,408)	(105,153)
Other, net	(33,135)	(36,079)	(35,528)	(301,085)
Net cash provided by (used in) financing activities	(239,902)	(212,034)	(207,840)	(1,761,356)
Effect of exchange rate changes on cash and cash equivalents				
	(3,199)	1,661	3,323	28,161
Net increase (decrease) in cash and cash equivalents	128,333	51,730	(33,622)	(284,932)
Cash and cash equivalents at beginning of year	282,333	413,826	454,516	3,851,830
Cash and cash equivalents of newly consolidated subsidiaries	3,160	947	—	—
Cash and cash equivalents of deconsolidated subsidiaries	—	(11,987)	—	—
Cash and cash equivalents at end of year	¥ 413,826	¥ 454,516	¥ 420,894	\$ 3,566,898
Non-cash investing and financing activities:				
Acquisition of assets under finance leases	¥ 32,084	¥ 33,273	¥ 55,149	\$ 467,364
Increase in capital surplus as a result of stock exchange	—	50,156	6	51
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.