

Consolidated Statements of Cash Flows

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	Yen (millions)			U.S. Dollars (thousands) (Note 3)
	2005	2006	2007	2007
Cash flows from operating activities (A):				
Income before income taxes and minority interests	¥ 223,526	¥ 118,084	¥ 214,495	\$ 1,817,754
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization, including goodwill amortization	232,118	242,376	278,784	2,362,576
Impairment loss	—	—	9,991	84,669
Increase (decrease) in provisions	(2,761)	3,422	(20,686)	(175,305)
Interest income	(4,371)	(5,912)	(7,894)	(66,898)
Dividend income	(4,272)	(4,583)	(6,291)	(53,314)
Interest charges	18,247	19,084	18,429	156,178
Equity in earnings of affiliates, net	(3,691)	1,478	(6,996)	(59,288)
Disposal of non-current assets	39,765	28,625	27,879	236,263
Gain on sales of marketable securities, net	(133,299)	—	(75,062)	(636,119)
(Increase) decrease in receivables, trade (Note 20)	(26,320)	10,719	(116,659)	(988,636)
(Increase) decrease in inventories	37,965	5,746	(7,445)	(63,093)
(Increase) decrease in other current assets (Note 20)	13,808	(836)	8,706	73,780
Increase (decrease) in payables, trade (Note 20)	(47,859)	21,196	49,263	417,483
Increase (decrease) in other current liabilities (Note 20)	10,956	26,123	75,695	641,483
Other, net	(37,475)	(10,648)	8,630	73,136
Cash generated from operations	316,337	454,874	450,839	3,820,669
Interest received	4,638	5,814	7,938	67,271
Dividends received	4,694	4,589	7,368	62,441
Interest paid	(18,858)	(20,302)	(18,835)	(159,619)
Income taxes paid	(29,579)	(39,396)	(38,545)	(326,652)
Net cash provided by operating activities	277,232	405,579	408,765	3,464,110
Cash flows from investing activities (B):				
Purchases of property, plant and equipment (Note 20)	(151,862)	(221,100)	(258,631)	(2,191,788)
Proceeds from sales of property, plant and equipment	14,283	50,710	62,296	527,932
Purchases of intangible assets	(47,677)	(62,173)	(59,132)	(501,119)
Purchases of investment securities	(23,239)	(70,981)	(22,813)	(193,330)
Proceeds from sales of investment securities	161,047	22,353	117,121	992,551
Other, net	32,319	46,507	10,076	85,390
Net cash used in investing activities	(15,129)	(234,684)	(151,083)	(1,280,364)
A+B (*)	262,103	170,895	257,682	2,183,746
Cash flows from financing activities:				
Increase (decrease) in short-term borrowings	(48,816)	(44,503)	(27,071)	(229,415)
Proceeds from long-term debt	126,179	38,477	14,160	120,000
Repayment of long-term debt	(240,293)	(150,628)	(173,867)	(1,473,449)
Dividends paid	(12,001)	(12,408)	(16,572)	(140,441)
Increase (decrease) in minority interests	(1,024)	(3,250)	5,297	44,890
Other, net	(36,079)	(35,528)	(36,900)	(312,712)
Net cash used in financing activities	(212,034)	(207,840)	(234,953)	(1,991,127)
Effect of exchange rate changes on cash and cash equivalents	1,661	3,323	4,424	37,492
Net increase (decrease) in cash and cash equivalents	51,730	(33,622)	27,153	230,111
Cash and cash equivalents at beginning of year	413,826	454,516	420,894	3,566,898
Cash and cash equivalents of newly consolidated subsidiaries	947	—	658	5,576
Cash and cash equivalents of deconsolidated subsidiaries	(11,987)	—	—	—
Cash and cash equivalents at end of year	¥ 454,516	¥ 420,894	¥ 448,705	\$ 3,802,585
Non-cash investing and financing activities:				
Acquisition of assets under finance leases	¥ 33,273	¥ 55,149	¥ 75,079	\$ 636,263
Increase in capital surplus as a result of stock exchange	50,156	6	—	—

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.