

Consolidated Statements of Cash Flows

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	Yen (millions)			U.S. Dollars (thousands) (Note 2)
	2007	2008	2009	2009
Cash flows from operating activities (A):				
Income (loss) before income taxes and minority interests	¥ 214,495	¥ 109,444	¥(113,314)	\$(1,156,265)
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	262,523	257,127	282,111	2,878,684
Amortization of goodwill	16,261	22,171	16,292	166,245
Impairment loss	9,991	18,756	75,192	767,265
Increase (decrease) in provisions	(20,686)	(24,611)	(12,112)	(123,592)
Interest and dividend income	(14,185)	(17,759)	(19,358)	(197,531)
Interest charges	18,429	21,277	17,516	178,735
Equity in earnings of affiliates, net	(6,996)	(9,192)	34,049	347,439
Loss on disposal of non-current assets	27,879	17,314	9,499	96,929
Gain on sales of investment securities, net	(75,062)	(17,308)	(3,484)	(35,551)
Loss on revaluation of investment securities	4,703	25,132	18,729	191,112
Loss on revaluation of inventories at the beginning of period	—	25,045	—	—
(Increase) decrease in receivables, trade (Note 17)	(116,659)	(26,452)	127,090	1,296,837
(Increase) decrease in inventories	(7,445)	(8,361)	63,516	648,122
Increase (decrease) in payables, trade (Note 17)	49,263	(22,892)	(224,870)	(2,294,592)
Other, net (Note 17)	88,328	(1,087)	(1,497)	(15,276)
Cash generated from operations	450,839	368,604	269,359	2,748,561
Interest and dividends received	15,306	17,874	29,378	299,775
Interest paid	(18,835)	(19,388)	(18,532)	(189,102)
Income taxes paid	(38,545)	(45,018)	(32,107)	(327,622)
Net cash provided by operating activities	408,765	322,072	248,098	2,531,612
Cash flows from investing activities (B):				
Purchases of property, plant and equipment (Note 17)	(258,631)	(268,955)	(175,851)	(1,794,398)
Proceeds from sales of property, plant and equipment	62,296	3,986	18,649	190,296
Purchases of intangible assets	(59,132)	(62,085)	(66,117)	(674,663)
Purchases of investment securities	(22,813)	(20,985)	(17,022)	(173,694)
Proceeds from sales of investment securities	117,121	55,470	15,604	159,224
Other, net	10,076	8,643	126	1,286
Net cash used in investing activities	(151,083)	(283,926)	(224,611)	(2,291,949)
A+B*	257,682	38,146	23,487	239,663
Cash flows from financing activities:				
Increase (decrease) in short-term borrowings	(27,071)	16,099	81,423	830,847
Proceeds from long-term debt	14,160	336,862	109,244	1,114,735
Repayment of long-term debt	(173,867)	(202,707)	(172,012)	(1,755,224)
Dividends paid	(16,572)	(15,875)	(24,460)	(249,592)
Other, net**	(31,603)	(72,054)	(42,089)	(429,480)
Net cash provided by (used in) financing activities	(234,953)	62,325	(47,894)	(488,714)
Effect of exchange rate changes on cash and cash equivalents	4,424	(2,313)	(4,035)	(41,173)
Net increase (decrease) in cash and cash equivalents	27,153	98,158	(28,442)	(290,224)
Cash and cash equivalents at beginning of year	420,894	448,705	547,844	5,590,245
Cash and cash equivalents of newly consolidated subsidiaries	658	981	8,772	89,510
Cash and cash equivalents at end of year	¥ 448,705	¥ 547,844	¥ 528,174	\$ 5,389,531
Non-cash investing and financing activities:				
Acquisition of assets under finance leases	¥ 75,079	¥ 19,015	¥ 25,326	\$ 258,429
Increase or decrease in capital surplus as a result of stock exchange	—	(2,323)	—	—

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.

** "Other, net" of cash flows from financing activities for the year ended March 31, 2008 related mainly to an expenditure of ¥26,531 million, approved by the Board of Directors on May 24, 2007 for purchase of treasury stock used for the share exchange required to make Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited wholly owned subsidiaries. The purchased treasury stock was exchanged for shares in these companies. Fujitsu Devices Inc. changed its corporate name to Fujitsu Electronics Inc. in October 2007.

The details of the share exchange are set forth in Note 21.