

Fullcast Co., Ltd.
Consolidated Statements of Cash Flows

Years ended September 30, 2004 and 2005

	Millions of yen		Thousand of U.S. dollars (Note 1)
	2004	2005	2005
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥2,966	¥4,012	\$35,443
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation	299	396	3,499
Allowance for doubtful accounts	(11)	44	386
Accrued bonuses	65	124	1,094
Accrued severance and retirement cost	0	62	546
Interest and dividend income	(10)	(8)	(69)
Interest expense	32	30	265
Loss on sales and disposal of property and equipment, net	9	52	459
Loss on valuation of investment securities	11	3	28
Equity in profits of affiliates	(2)	(9)	(77)
Amortization of consolidated goodwill	297	551	4,864
Other, net	(52)	(53)	(474)
Changes in current assets and liabilities:			
Trade notes and accounts receivable	(1,541)	(1,549)	(13,686)
Accounts payable	(74)	(290)	(2,558)
Other, net	(95)	(472)	(4,168)
Subtotal	1,894	2,893	25,552
Interest and dividends received	9	8	68
Interest paid	(32)	(30)	(264)
Income taxes paid	(1,876)	(1,407)	(12,430)
Net cash provided by (used in) operating activities	(5)	1,464	12,926
Cash Flows from Investing Activities:			
Increase in time deposits	(17)	(11)	(101)
Proceeds from withdrawal of time deposits	11	14	126
Purchase of short-term investments	(299)	-	-
Proceeds from sales of short-term investment securities	600	-	-
Expenditures for property and equipment	(398)	(384)	(3,391)
Proceeds from sales of property and equipment	65	2	13
Purchase of intangible assets	(298)	(192)	(1,696)
Proceeds from sales of intangible assets	6	-	-
Proceeds from transfer of operations	-	26	230
Purchase of investment securities	(15)	(122)	(1,078)
Proceeds from sales of investment securities	52	43	383
Purchase of subsidiary's securities	(1)	-	-
Advance for loans receivable	(40)	(207)	(1,827)
Collection of loans receivable	39	5	46
Acquisition of cash owned by new subsidiaries, net of payment for	221	10	88

purchase of subsidiaries' shares			
Payment for acquisition of shares of newly consolidated subsidiaries	-	(422)	(3,726)
Other, net	0	-	-
Net cash used in investing activities	<u>(74)</u>	<u>(1,238)</u>	<u>(10,933)</u>
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	1,200	485	4,289
Repayment of long-term debt	(271)	(138)	(1,218)
Issuance of common stock	350	-	-
Contribution from minority shareholders of a consolidated subsidiary	119	-	-
Repayments of bonds	(10)	-	-
Payment of dividends	(310)	(545)	(4,817)
Payments of dividends to minority shareholders from a consolidated subsidiary	(8)	(8)	(71)
Other, net	(53)	(12)	(109)
Net cash provided by (used in) financing activities	<u>1,017</u>	<u>(218)</u>	<u>(1,926)</u>
Net increase in Cash and Cash Equivalents	938	8	67
Cash and Cash Equivalents at Beginning of Period	5,151	6,089	53,785
Effect of exchange rate changes on cash and cash equivalent	0	0	0
Cash and Cash Equivalents at End of Period	<u>¥6,089</u>	<u>¥6,097</u>	<u>\$53,852</u>

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