

BUSINESS OBJECTS S.A.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended	
	March 31,	
	<u>2006</u>	<u>2005</u>
	(unaudited)	
Operating activities:		
Net income	\$ 12,337	\$ 15,006
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	7,881	8,830
Amortization of other intangible assets	8,869	8,133
Stock-based compensation expense	13,410	1,217
Excess tax benefits from stock-based compensation	(2,422)	-
Loss on retirements of property and equipment	64	-
Deferred income taxes	(2,835)	10
Changes in operating assets and liabilities:		
Accounts receivable, net	20,800	61,048
Prepaid and other current assets	(5,826)	(3,286)
Deposits and other assets	2,516	3,736
Accounts payable	2,391	4,583
Accrued payroll and related expenses	(17,607)	(20,560)
Income taxes payable	6,163	(6,140)
Deferred revenues	46,416	12,513
Other liabilities	(3,888)	(9,777)
Short-term investments classified as trading	(302)	66
Net cash provided by operating activities	<u>87,967</u>	<u>75,379</u>
Investing activities:		
Purchases of property and equipment	(10,018)	(7,480)
Other activities	-	27
Net cash used in investing activities	<u>(10,018)</u>	<u>(7,453)</u>
Financing activities:		
Issuance of shares	11,820	12,277
Excess tax benefits from stock-based compensation	2,422	-
Net cash provided by financing activities	<u>14,242</u>	<u>12,277</u>
Effect of foreign exchange rate changes on cash and cash equivalents	781	842
Net increase in cash and cash equivalents	<u>92,972</u>	<u>81,045</u>
Cash and cash equivalents, beginning of the period	<u>332,777</u>	<u>293,485</u>
Cash and cash equivalents, end of the period	<u>\$ 425,749</u>	<u>\$ 374,530</u>