

Aspen Technology, Inc. and Subsidiaries Consolidated Statement of Cash Flows

Years Ended June 30	2001	2002	2003
<i>(In thousands)</i>			
<i>Cash flows from operating activities:</i>			
Net income (loss)	\$(20,375)	\$(77,165)	\$(160,833)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities—			
Depreciation and amortization	24,099	25,763	30,994
Goodwill impairment charge	—	—	74,715
Write-off of assets related to restructuring	1,159	1,169	38,732
Charges for in-process research and development	9,915	14,900	—
Write-off of investments	5,000	8,923	—
Deferred stock-based compensation	65	(65)	—
(Gain) loss on the disposal of property	(257)	—	288
Deferred income taxes	(12,783)	896	—
Research and development costs subject to common stock settlement	—	924	1,082
Changes in assets and liabilities—			
Accounts receivable	(3,399)	1,591	20,861
Unbilled services	(7,277)	333	16,714
Prepaid expenses and other current assets	(417)	(1,400)	7,338
Long-term installments receivable	(8,845)	6,816	(1,587)
Accounts payable and accrued expenses	5,195	8,865	(7,184)
Unearned revenue	4,323	751	(1,240)
Deferred revenue	(9,786)	(368)	(2,283)
Other liabilities	(675)	36	3,969
Net cash provided by (used in) operating activities	(14,058)	(8,031)	21,566
<i>Cash flows from investing activities:</i>			
Purchase of property and leasehold improvements	(20,350)	(12,940)	(4,746)
Proceeds on sale of property	2,438	1,725	—
Capitalized computer software development costs	(5,573)	(7,986)	(7,661)
Increase in other assets	(1,693)	(1,940)	1,323
Decrease in short-term investments	33,884	12,257	18,535
Cash used in the purchase of businesses, net of cash acquired	(21,746)	(93,437)	—
Net cash provided by (used in) investing activities	(13,040)	(102,321)	7,451
<i>Cash flows from financing activities:</i>			
Issuance of common stock and common stock warrants, net of issuance costs	—	47,956	—
Issuance of Series B convertible preferred stock and common stock warrants, net of issuance costs	—	56,588	—
Payment of amounts owed to Accenture	—	—	(8,433)
Issuance of common stock under employee stock purchase plans	4,710	5,306	3,293
Exercise of stock options and warrants	11,901	1,619	150
Payments of long-term debt and capital lease obligations	(1,041)	(4,305)	(6,603)
Net cash provided by (used in) financing activities	15,570	107,164	(11,593)
Effect of exchange rate changes on cash and cash equivalents	(1,210)	126	572
Increase (decrease) in cash and cash equivalents	(12,738)	(3,062)	17,996
Cash and cash equivalents, beginning of period	49,371	36,633	33,571
Cash and cash equivalents, end of period	\$36,633	\$33,571	\$51,567
<i>Supplemental disclosure of cash flow information:</i>			
Cash paid for income taxes	\$2,072	\$1,955	\$1,695
Cash paid for interest	\$5,023	\$4,841	\$5,902
<i>Supplemental disclosure of non-cash financing activities:</i>			
Accretion of discount on Series B convertible preferred stock	\$—	\$2,209	\$6,784
Preferred stock dividend due to beneficial conversion feature of Series B convertible preferred stock	\$—	\$3,232	\$—
Issuance of common stock in settlement of obligation subject to common stock settlement	\$—	\$18,500	\$—
Modification of Series B convertible preferred stock to Series B redeemable convertible preferred stock	\$—	\$—	\$57,537
Issuance of common stock in settlement of Series B convertible preferred stock dividend	\$—	\$—	\$2,662
<i>Supplemental disclosure of cash flows related to acquisitions:</i>			
The Company acquired certain companies as described in Note 4. These acquisitions are summarized as follows:			
Fair value of assets acquired, excluding cash	\$60,379	\$140,141	\$3,027
Payments in connection with the acquisitions, net of cash acquired	(21,746)	(93,437)	—
Value of stock issued in connection with the acquisitions	(31,555)	—	—
Charge for in-process research and development	9,915	14,900	—
Liabilities assumed	\$16,993	\$61,604	\$3,027

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