

CONSOLIDATED STATEMENTS OF CASH FLOWS

Brother Industries, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 23,613	¥ 46,282	\$ 240,949
Adjustments for:			
Income taxes - paid	(10,126)	(18,037)	(103,326)
Depreciation and amortization	23,094	22,227	235,653
Impairment loss	2,535	28	25,867
Amortization of goodwill	802	520	8,182
(Gain) Loss on sales and disposals of property, plant and equipment, net	(2,356)	199	(24,041)
Foreign exchange loss	3,317	2,153	33,847
Changes in operating assets and liabilities :			
(Increase) Decrease in trade notes and accounts receivable	(300)	5,360	(3,061)
Increase in inventories	(8,717)	(4,295)	(88,949)
(Decrease) Increase in trade notes and accounts payable	(5,143)	2,085	(52,479)
Decrease in accrued expenses	(1,039)	(1,864)	(10,602)
Decrease in liability for retirement benefits	(424)	(189)	(4,326)
Increase in allowance for doubtful accounts	450	669	4,592
(Decrease) Increase in liability for warranty reserve	(614)	325	(6,265)
Other - net	(4,572)	2,752	(46,653)
Total adjustments	(3,093)	11,933	(31,561)
Net cash provided by operating activities	20,520	58,215	209,388
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	5,632	2,905	57,469
Proceeds from sales of investment securities	782	471	7,980
Proceeds from collection of loans	68	80	694
Disbursement for purchases of property, plant and equipment	(20,835)	(22,304)	(212,602)
Disbursement for purchases of investment securities	(2,818)	(3,534)	(28,755)
Disbursement for purchases of intangible assets	(7,122)	(5,907)	(72,674)
Disbursement for purchases of affiliates' shares	(617)	(248)	(6,296)
Disbursement for purchase of business	(1,202)	—	(12,265)
Other - net	(106)	(781)	(1,082)
Net cash used in investing activities	(26,218)	(29,318)	(267,531)
FORWARD	¥ (5,698)	¥ 28,897	\$ (58,143)

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FORWARD	¥ (5,698)	¥ 28,897	\$ (58,143)
FINANCING ACTIVITIES:			
(Decrease) Increase in short-term borrowings, net	(2,272)	1,009	(23,184)
Proceeds from long-term debt	—	20,000	—
Repayments of long-term debt	(438)	(21,088)	(4,469)
Cash dividends paid including minority interest portion	(6,801)	(6,789)	(69,398)
Increase in treasury stock, net	(10,011)	(105)	(102,153)
Net cash used in financing activities	(19,522)	(6,973)	(199,204)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(11,871)	(9,082)	(121,133)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(37,091)	12,842	(378,480)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	83,219	70,377	849,174
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 46,128	¥ 83,219	\$ 470,694

See notes to consolidated financial statements.