



Consolidated Statements of Cash Flows

Brother Industries, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 34,062	¥ 26,234	\$ 410,386
Adjustments for:			
Income taxes - paid	(9,077)	(6,508)	(109,361)
Depreciation and amortization	24,027	21,028	289,482
Loss on impairment of long-lived assets	1,473	315	17,747
Amortization of goodwill	2,569	709	30,952
Loss (gain) on sales and disposals of property, plant and equipment, net	661	(654)	7,964
Foreign exchange loss	1,157	459	13,940
Loss on transfer to defined contribution pension plan	—	2,985	—
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	1,094	(450)	13,181
(Increase) decrease in inventories	(11,800)	9,092	(142,169)
Increase in trade notes and accounts payable	977	6,793	11,771
Decrease in accrued expenses	(232)	(11,006)	(2,795)
Increase in liability for retirement benefits	629	1,301	7,578
Increase in allowance for doubtful accounts	776	1,249	9,349
(Decrease) increase in liability for warranty reserve	(334)	3,278	(4,024)
Other - net	3,507	(4,477)	42,252
Total adjustments	15,427	24,114	185,867
Net cash provided by operating activities	49,489	50,348	596,253
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	2,640	2,664	31,807
Proceeds from sales of investment securities	56	0	675
Proceeds from collection of loans	816	—	9,831
Disbursement for purchases of property, plant and equipment	(16,741)	(12,805)	(201,699)
Disbursement for purchases of investment securities	(700)	(146)	(8,434)
Disbursement for purchases of intangible assets	(4,162)	(5,483)	(50,144)
Disbursement for purchases of affiliates' shares	(1,281)	(1,863)	(15,434)
Disbursement for purchases of investment in affiliates	(344)	(1,705)	(4,144)
Proceeds from acquisition of shares with the change in scope of consolidation	—	1,124	—
Other - net	(327)	153	(3,940)
Net cash used in investing activities	(20,043)	(18,061)	(241,482)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings, net	2,321	(26,917)	27,963
Repayments of long-term debt	(5,107)	(48)	(61,530)
Repayments of lease obligations	(2,493)	—	(30,036)
Cash dividends paid	(5,912)	(5,375)	(71,229)
Increase in treasury stock, net	(9)	(34)	(108)
Other - net	250	201	3,012
Net cash used in financing activities	(10,950)	(32,173)	(131,928)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(2,561)	1,769	(30,855)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,935	1,883	191,988
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES	135	1,020	1,626
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	49,031	46,128	590,735
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 65,101	¥ 49,031	\$ 784,349

Additional information

Assets and liabilities increased due to acquisition of shares of newly consolidated subsidiaries

Assets	—	¥ 30,882	—
Liabilities	—	(37,967)	—
Cash paid for the capital	—	158	—
Goodwill	—	7,243	—

See notes to consolidated financial statements.