



Consolidated Statements of Cash Flows

Brother Industries, Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 26,234	¥ 23,613	\$ 282,086
Adjustments for:			
Income taxes - paid	(6,508)	(10,126)	(69,978)
Depreciation and amortization	21,028	23,094	226,108
Loss on impairment of long-lived assets	315	2,535	3,387
Amortization of goodwill	709	802	7,624
Gain on sales and disposals of property, plant and equipment, net	(654)	(2,356)	(7,032)
Foreign exchange loss	459	3,317	4,935
Loss on transfer to defined contribution pension plan	2,985	—	32,097
Changes in assets and liabilities:			
Increase in trade notes and accounts receivable	(450)	(300)	(4,839)
Decrease (increase) in inventories	9,092	(8,717)	97,763
Increase (decrease) in trade notes and accounts payable	6,793	(5,143)	73,043
Decrease in accrued expenses	(11,006)	(1,039)	(118,344)
Increase (decrease) in liability for retirement benefits	1,301	(424)	13,989
Increase in allowance for doubtful accounts	1,249	450	13,430
Increase (decrease) in liability for warranty reserve	3,278	(614)	35,247
Other - net	(4,477)	(4,572)	(48,140)
Total adjustments	24,114	(3,093)	259,290
Net cash provided by operating activities	50,348	20,520	541,376
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	2,664	5,632	28,645
Proceeds from sales of investment securities	0	782	0
Proceeds from collection of loans	—	68	—
Disbursement for purchases of property, plant and equipment	(12,805)	(20,835)	(137,688)
Disbursement for purchases of investment securities	(146)	(2,818)	(1,570)
Disbursement for purchases of intangible assets	(5,483)	(7,122)	(58,957)
Disbursement for purchases of affiliates' shares	(1,863)	(617)	(20,032)
Disbursement for purchases of investment in affiliates	(1,705)	—	(18,333)
Disbursement for purchase of business	—	(1,202)	—
Proceeds from acquisition of shares with the change in scope of consolidation	1,124	—	12,086
Other - net	153	(106)	1,645
Net cash used in investing activities	(18,061)	(26,218)	(194,204)
FORWARD	¥ 32,287	¥ (5,698)	\$ 347,172

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FORWARD	¥ 32,287	¥ (5,698)	\$ 347,172
FINANCING ACTIVITIES:			
Decrease in short-term borrowings, net	(26,917)	(2,272)	(289,430)
Repayments of long-term debt	(48)	(438)	(516)
Cash dividends paid	(5,375)	(6,801)	(57,796)
Increase in treasury stock, net	(34)	(10,011)	(366)
Other - net	201	—	2,161
Net cash used in financing activities	(32,173)	(19,522)	(345,947)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,769	(11,871)	19,022
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,883	(37,091)	20,247
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	1,020	—	10,968
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	46,128	83,219	496,000
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 49,031	¥ 46,128	\$ 527,215

Additional information

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

Assets	¥ 30,882	—	\$ 332,064
Liabilities	(37,967)	—	(408,247)
Cash paid for the capital	158	—	1,699
Goodwill	7,243	—	77,882

See notes to consolidated financial statements.