

# C Consolidated Statement of Cash Flows

Brother Industries, Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	¥ 34,108	¥ 34,062	\$ 415,951
Adjustments for:			
Income taxes - paid	(15,972)	(9,077)	(194,780)
Depreciation and amortization	23,069	24,027	281,329
Loss on impairment of long-lived assets	609	1,473	7,427
Amortization of goodwill	1,687	2,569	20,573
Loss on sales and disposals of property, plant and equipment, net	546	661	6,659
Foreign exchange loss	797	1,157	9,720
Changes in assets and liabilities:			
(Increase) decrease in trade notes and accounts receivable	(3,149)	1,094	(38,402)
Increase in inventories	(5,424)	(11,800)	(66,146)
Increase in trade notes and accounts payable	2,327	977	28,378
Increase (decrease) in accrued expenses	1,487	(232)	18,134
(Decrease) increase in liability for retirement benefits	(491)	629	(5,988)
Increase in allowance for doubtful accounts	913	776	11,134
Decrease in liability for warranty reserve	(983)	(334)	(11,988)
Other - net	(197)	3,507	(2,403)
Total adjustments	5,219	15,427	63,647
Net cash provided by operating activities	39,327	49,489	479,598
<b>INVESTING ACTIVITIES:</b>			
Proceeds from sales of property, plant and equipment	1,113	2,640	13,573
Proceeds from sales of investment securities	257	56	3,134
Proceeds from collection of loans	10	816	122
Disbursement for purchases of property, plant and equipment	(21,130)	(16,741)	(257,683)
Disbursement for purchases of investment securities	(67)	(700)	(817)
Disbursement for purchases of intangible assets	(6,027)	(4,162)	(73,500)
Disbursement for purchases of affiliates' shares	(1,929)	(1,281)	(23,524)
Disbursement for purchases of investment in affiliates	(2,463)	(344)	(30,037)
Other - net	(522)	(327)	(6,366)
Net cash used in investing activities	(30,758)	(20,043)	(375,098)
<b>FINANCING ACTIVITIES:</b>			
(Decrease) increase in short-term borrowings, net	(4,189)	2,321	(51,085)
Repayments of long-term debt	—	(5,107)	—
Repayments of lease obligations	(3,227)	(2,493)	(39,354)
Cash dividends paid	(6,450)	(5,912)	(78,659)
Increase in treasury stock, net	(1)	(9)	(12)
Other - net	(251)	250	(3,061)
Net cash used in financing activities	(14,118)	(10,950)	(172,171)
<b>EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(1,614)</b>	<b>(2,561)</b>	<b>(19,683)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,163)</b>	<b>15,935</b>	<b>(87,354)</b>
<b>CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES</b>	<b>794</b>	<b>135</b>	<b>9,683</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>65,101</b>	<b>49,031</b>	<b>793,915</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>¥ 58,732</b>	<b>¥ 65,101</b>	<b>\$ 716,244</b>

See notes to consolidated financial statements.