

C Consolidated Statement of Cash Flows

Brother Industries, Ltd. and Consolidated Subsidiaries
Year ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 27,946	¥ 34,108	\$ 297,298
Adjustments for:			
Income taxes - paid	(8,816)	(15,972)	(93,787)
Depreciation and amortization	24,477	23,069	260,394
Loss on impairment of long-lived assets	269	609	2,862
Amortization of goodwill	1,419	1,687	15,096
Loss on sales and disposals of property, plant and equipment, net	170	546	1,809
Foreign exchange (gain) loss	(2,421)	797	(25,755)
Loss (gain) on valuation of derivatives	4,625	(137)	49,202
Gain on sales of investment securities	(1,724)	(7)	(18,340)
Gain on negative goodwill	(7,194)	—	(76,532)
Loss on step acquisitions	3,843	—	40,883
Changes in assets and liabilities:			
Increase in trade notes and accounts receivable	(4,501)	(3,149)	(47,883)
Decrease (increase) in inventories	2,333	(5,424)	24,819
(Decrease) increase in trade notes and accounts payable	(6,673)	2,327	(70,990)
(Decrease) increase in accrued expenses	(1,729)	1,487	(18,394)
Increase (decrease) in liability for retirement benefits	430	(491)	4,574
Increase in allowance for doubtful accounts	1,443	913	15,351
Increase (decrease) in liability for warranty reserve	178	(983)	1,894
Other - net	(1,341)	(53)	(14,267)
Total adjustments	4,788	5,219	50,936
Net cash provided by operating activities	32,734	39,327	348,234
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	1,080	1,113	11,489
Proceeds from sales of investment securities	2,660	257	28,298
Proceeds from collection of loans	13	10	138
Disbursement for purchases of property, plant and equipment	(24,942)	(21,130)	(265,340)
Disbursement for purchases of investment securities	(2,170)	(67)	(23,085)
Disbursement for purchases of intangible assets	(5,723)	(6,027)	(60,883)
Disbursement for purchases of affiliates' shares	(6,617)	(1,929)	(70,394)
Disbursement for purchases of investment in affiliates	—	(2,463)	—
Acquisition of a newly consolidated subsidiary, net of cash acquired	(7,011)	—	(74,585)
Other - net	938	(522)	9,979
Net cash used in investing activities	(41,772)	(30,758)	(444,383)
FORWARD	¥ (9,038)	¥ 8,569	\$ (96,149)

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FORWARD	¥ (9,038)	¥ 8,569	\$ (96,149)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings, net	4,533	(4,190)	48,223
Proceeds from long-term debt	12,200	250	129,787
Repayment of bonds	(15,000)	(500)	(159,574)
Repayments of lease obligations	(1,701)	(3,227)	(18,095)
Cash dividends paid	(6,451)	(6,450)	(68,628)
Decrease (increase) in treasury stock, net	6	(1)	64
Net cash used in financing activities	(6,413)	(14,118)	(68,223)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	10,569	(1,614)	112,436
DECREASE IN CASH AND CASH EQUIVALENTS	(4,882)	(7,163)	(51,936)
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES	1,210	794	12,872
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	58,732	65,101	624,809
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 55,060	¥ 58,732	\$ 585,745
Additional information:			
Assets acquired and liabilities assumed by acquisition (Note 4)			
Current assets	¥ 15,686	—	\$ 166,872
Long-term assets	28,800	—	306,383
Current liabilities	(1,760)	—	(18,724)
Long-term liabilities	(1,326)	—	(14,106)
Minority Interests	(16,493)	—	(175,457)
Gain on negative goodwill	(7,194)	—	(76,532)
Loss on step acquisitions	3,843	—	40,883
The acquisition cost of shares held immediately prior to the business combination	(10,236)	—	(108,893)
The direct acquisition cost of additional shares of a newly consolidated subsidiary	11,320	—	120,426
Cash and cash equivalents held by a newly consolidated subsidiary	(4,309)	—	(45,841)
Acquisition of a newly consolidated subsidiary, net of cash acquired	¥ (7,011)	—	\$ (74,585)

See notes to consolidated financial statements.