

# C Consolidated Statement of Cash Flows

Brother Industries, Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	¥ 33,527	¥ 27,946	\$ 325,505
Adjustments for:			
Income taxes - paid	(9,755)	(8,816)	(94,709)
Depreciation and amortization	27,614	24,477	268,097
Loss on impairment of long-lived assets	2,122	269	20,602
Amortization of goodwill	1,538	1,419	14,932
Loss on sales and disposals of property, plant and equipment, net	459	170	4,456
Foreign exchange loss (gain)	2,092	(2,421)	20,311
(Gain) loss on valuation of derivatives	(4,461)	4,625	(43,311)
Gain on sales of investment securities	(465)	(1,724)	(4,515)
Gain on negative goodwill	—	(7,194)	—
Loss on step acquisitions	—	3,843	—
Changes in assets and liabilities:			
Increase in trade notes and accounts receivable	(5,423)	(4,501)	(52,650)
(Increase) decrease in inventories	(5,994)	2,333	(58,194)
Increase (decrease) in trade notes and accounts payable	6,973	(6,673)	67,699
Increase (decrease) in accrued expenses	808	(1,729)	7,845
Increase in liability for retirement benefits	1,752	430	17,010
Increase in allowance for doubtful accounts	884	1,443	8,583
Increase in liability for warranty reserve	899	178	8,728
Other - net	2,449	(1,341)	23,776
Total adjustments	21,492	4,788	208,660
Net cash provided by operating activities	55,019	32,734	534,165
<b>INVESTING ACTIVITIES:</b>			
Proceeds from sales of property, plant and equipment	1,361	1,080	13,214
Proceeds from sales and redemption of marketable securities	5,103	1,301	49,544
Proceeds from sales and redemption of investment securities	2,761	2,660	26,806
Disbursement for purchases of property, plant and equipment	(27,634)	(24,942)	(268,291)
Disbursement for purchases of intangible assets	(6,635)	(5,723)	(64,417)
Disbursement for purchases of investment securities	(11,152)	(2,170)	(108,272)
Disbursement for purchases of affiliates' shares	(1,059)	(6,617)	(10,282)
Disbursement for purchases of investment in affiliates	(2,188)	—	(21,243)
Acquisition of a newly consolidated subsidiary, net of cash acquired	—	(7,011)	—
Other - net	343	(350)	3,329
Net cash used in investing activities	(39,100)	(41,772)	(379,612)
<b>FORWARD</b>	¥ 15,919	¥ (9,038)	\$ 154,553

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<b>FORWARD</b>	<b>¥ 15,919</b>	<b>¥ (9,038)</b>	<b>\$ 154,553</b>
<b>FINANCING ACTIVITIES:</b>			
(Decrease) increase in short-term borrowings, net	(5,684)	4,533	(55,184)
Proceeds from long-term debt	200	12,200	1,942
Repayment of bonds	—	(15,000)	—
Repayments of lease obligations	(1,252)	(1,701)	(12,156)
Cash dividends paid	(6,687)	(6,451)	(64,922)
(Increase) decrease in treasury stock, net	(10)	6	(97)
Net cash used in financing activities	(13,433)	(6,413)	(130,417)
<b>EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>6,878</b>	<b>10,569</b>	<b>66,777</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9,364</b>	<b>(4,882)</b>	<b>90,913</b>
<b>CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES</b>	<b>4,301</b>	<b>1,210</b>	<b>41,757</b>
<b>CASH AND CASH EQUIVALENTS INCREASED BY MERGER WITH UNCONSOLIDATED SUBSIDIARIES</b>	<b>210</b>	<b>—</b>	<b>2,039</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>55,060</b>	<b>58,732</b>	<b>534,563</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>¥ 68,935</b>	<b>¥ 55,060</b>	<b>\$ 669,272</b>

See notes to consolidated financial statements.