

Consolidated Statements of Cash Flows

Sawai Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 4,320	¥ 3,129	\$ 43,965
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	2,709	2,575	27,570
Amortization of negative goodwill	(12)	(12)	(122)
Reserve for sales rebates for the previous period	—	207	—
Increase in reserve for sales rebates	81	57	824
Decrease in allowance for doubtful receivables	(21)	(24)	(214)
Increase in accrued bonuses to employees	58	106	590
Increase (decrease) in accrued bonuses to directors and corporate auditors	3	(3)	31
Increase (decrease) in reserve for loss on sales returns	(26)	77	(265)
Decrease in employees' retirement benefits	(53)	(17)	(539)
Increase (decrease) in retirement benefits to directors and corporate auditors	(181)	6	(1,842)
Interest and dividend income	(17)	(17)	(173)
Interest expense	164	192	1,669
Loss on devaluation of investments in securities	78	50	794
Loss on disposal of buildings and structures	77	25	784
Decrease (increase) in trade notes and accounts receivable	(1,978)	1,271	(20,130)
Decrease (increase) in inventories	(88)	267	(896)
Increase (decrease) in trade notes and accounts payable	(449)	2,420	(4,570)
Increase (decrease) in long-term deposits	20	(35)	204
Increase (decrease) in other accounts payable	(362)	838	(3,684)
Other	454	226	4,620
Sub total	4,777	11,338	48,616
Interest and dividends received	17	17	173
Interest paid	(169)	(189)	(1,720)
Income taxes paid	(1,456)	(1,617)	(14,818)
Net cash provided by operating activities	3,169	9,549	32,251
Cash Flows from Investing Activities:			
Payments for purchase of securities	(5)	(2)	(51)
Proceeds from sale of securities	4	7	41
Payments for purchase of property, plant and equipment	(2,721)	(6,286)	(27,692)
Payments for purchase of intangible assets	(120)	(281)	(1,221)
Payments for purchase of investment securities	(50)	—	(509)
Payments of long-term debts	(70)	—	(712)
Proceeds from collection of long-term debts	188	20	1,913
Payment for additional acquisition of subsidiary's securities	(264)	(21)	(2,686)
Other	1	1	10
Net cash used in investing activities	(3,037)	(6,562)	(30,907)
Cash Flows from Financing Activities:			
Net increase (decrease) in bank debt	530	(2,000)	5,394
Proceeds from long-term debts	3,550	1,150	36,129
Repayment of long-term debts	(2,163)	(3,168)	(22,013)
Payments for purchase of treasury stock	(1)	0	(10)
Cash dividends paid	(864)	(864)	(8,793)
Cash dividends paid to minority shareholders	(17)	(78)	(173)
Other	(8)	2	(82)
Net cash provided by (used in) financing activities	1,027	(4,958)	10,452
Net increase in cash and cash equivalents	1,159	(1,971)	11,796
Cash and cash equivalents at beginning of year	5,389	7,360	54,844
Cash and cash equivalents at end of year	¥ 6,548	¥ 5,389	\$ 66,640

The accompanying notes to the consolidated financial statements are an integral part of these statements.