

Consolidated Statements of Cash Flows

Sawai Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 12,290	¥ 8,372	\$ 147,805
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	3,066	3,025	36,873
Amortization of goodwill	12	—	144
Amortization of negative goodwill	(14)	(13)	(168)
Increase in reserve for sales rebates	283	165	3,403
Increase in allowance for doubtful receivables	29	3	349
Increase in accrued bonuses to employees	5	209	60
Increase (decrease) in accrued bonuses to directors and corporate auditors	(22)	35	(265)
Increase (decrease) in reserve for loss on sales returns	23	(26)	277
Decrease in employees' retirement benefits	(2)	(24)	(24)
Increase in retirement benefits to directors and corporate auditors	69	64	830
Interest and dividend income	(139)	(14)	(1,672)
Interest expense	215	211	2,586
Loss on devaluation of investments in securities	840	—	10,102
Bonds issue cost	806	—	9,693
Loss on disposal of buildings and structures	126	31	1,515
Increase in trade notes and accounts receivable	(4,744)	(1,250)	(57,054)
Increase in inventories	(3,137)	(4,493)	(37,727)
Increase (decrease) in trade notes and accounts payable	(561)	3,555	(6,747)
Increase (decrease) in long-term prepaid expenses	(19)	28	(229)
Increase in other accounts payable	2,089	428	25,123
Other	(550)	299	(6,615)
Subtotal	10,665	10,605	128,259
Interest and dividends received	52	14	625
Interest paid	(207)	(209)	(2,489)
Income taxes paid	(4,573)	(2,503)	(54,997)
Net cash provided by operating activities	5,937	7,907	71,398
Cash Flows from Investing Activities:			
Payments for time deposits	(11,000)	—	(132,291)
Payments for purchase of property, plant and equipment	(2,210)	(5,214)	(26,578)
Proceeds from sale of property, plant and equipment	931	—	11,197
Payments for purchase of intangible assets	(594)	(156)	(7,144)
Payments for purchase of investment securities	(5,958)	—	(71,654)
Proceeds from collection of long-term receivables	37	44	445
Payment for additional acquisition of subsidiary's securities	(1,568)	(3)	(18,857)
Other	(0)	0	(0)
Net cash used in investing activities	(20,362)	(5,329)	(244,882)
Cash Flows from Financing Activities:			
Net increase (decrease) in bank debt	(4,100)	1,570	(49,308)
Proceeds from long-term debts	3,000	2,500	36,079
Repayment of long-term debts	(2,853)	(2,847)	(34,311)
Proceeds from issuance of convertible bonds	29,944	—	360,120
Proceeds from issuance of stock resulting from exercise of stock subscription rights	492	—	5,917
Payments for purchase of treasury stock	(0)	(0)	(0)
Cash dividends paid	(1,259)	(864)	(15,141)
Cash dividends paid to minority shareholders	(456)	—	(5,484)
Other	(12)	(11)	(143)
Net cash provided by financing activities	24,756	348	297,729
Net increase in cash and cash equivalents	10,331	2,926	124,245
Cash and cash equivalents at beginning of year	9,474	6,548	113,939
Cash and cash equivalents at end of year (Note 3)	¥ 19,805	¥ 9,474	\$ 238,184

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