

CONSOLIDATED STATEMENTS OF CASH FLOWS

Mitsubishi Tanabe Pharma Corporation and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 50,974	¥ 47,986	\$ 547,872
Adjustments for:			
Depreciation and amortization	13,291	15,658	142,853
Impairment loss	1,837	3,351	19,744
Amortization of goodwill	10,137	10,055	108,953
Decrease in accrued retirement benefits for employees	(1,105)	(895)	(11,877)
Increase in prepaid pension expenses	(1,254)	(1,487)	(13,478)
(Decrease) increase in allowance for doubtful receivables	(18)	21	(193)
(Decrease) increase in reserve for HCV litigation	(9,311)	8,800	(100,075)
Interest and dividend income	(2,515)	(2,988)	(27,031)
Interest expense	25	87	269
Loss on sales or disposal of fixed assets	312	554	3,353
Gain on sales of investments in securities	(85)	(144)	(914)
Loss on valuation of investments in securities	233	6,635	2,504
Equity in earnings of affiliates	(490)	(100)	(5,266)
Subsidies for establishing a business	–	(400)	–
Loss on shutdown of a plant	–	164	–
Special retirement expense	–	4,344	–
Settlement for USA HIV litigation	–	1,256	–
Increase in notes and accounts receivable, trade	(3,108)	(3,983)	(33,405)
Increase in inventories	(4,960)	(4,971)	(53,310)
Increase (decrease) in notes and accounts payable, trade	1,213	(4)	13,037
Increase in accounts payable, other	425	232	4,568
Other, net	(5,622)	(5,508)	(60,426)
Subtotal	49,979	78,663	537,178
Interest and dividends received	2,733	3,086	29,374
Interest paid	(26)	(92)	(279)
Subsidy received	400	1,027	4,299
Special retirement benefits paid	–	(4,344)	–
Income taxes paid	(29,163)	(27,800)	(313,446)
Net cash provided by operating activities	23,923	50,540	257,126
Cash flows from investing activities:			
Purchases of marketable securities	(58,990)	(57,980)	(634,028)
Proceeds from sales and redemption of marketable securities	53,183	49,496	571,614
Increase in time deposits	(10,322)	(1,402)	(110,942)
Decrease in time deposits	1,565	610	16,821
(Increase) decrease in long-term deposits	(636)	3,000	(6,836)
Purchases of property, plant and equipment	(8,248)	(10,737)	(88,650)
Proceeds from sales of property, plant and equipment	77	29	828
Purchases of intangible fixed assets	(1,070)	(1,720)	(11,500)
Purchases of investments in securities	(44,962)	(62,279)	(483,255)
Proceeds from sales and redemption of investments in securities	2,644	6,166	28,418
Proceeds from sales of subsidiaries' shares resulting in change in scope of consolidation (Note 21)	511	–	5,492
Other, net	5,021	309	53,966
Net cash used in investing activities	(61,227)	(74,508)	(658,072)
Cash flows from financing activities:			
(Decrease) increase in short-term debt, net	(398)	579	(4,278)
Repayments of long-term debt	(923)	(1,246)	(9,920)
Purchases of treasury stock	–	(76)	–
Proceeds from sales of treasury stock	–	12	–
Cash dividends paid	(15,712)	(15,154)	(168,874)
Other, net	(72)	(101)	(774)
Net cash used in financing activities	(17,105)	(15,986)	(183,846)
Effect of exchange rate changes on cash and cash equivalents	274	(3,239)	2,945
Net decrease in cash and cash equivalents	(54,135)	(43,193)	(581,847)
Cash and cash equivalents at beginning of year	116,903	160,096	1,256,481
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	190	–	2,043
Cash and cash equivalents at end of year (Note 3)	¥ 62,958	¥116,903	\$ 676,677

See accompanying notes to consolidated financial statements.