

# Statement of Cash Flows

Torii Pharmaceutical Co., Ltd.  
December 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2016
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes	¥ 4,056	¥ 5,258	\$ 34,820
Adjustments for:			
Income taxes paid	(2,500)	(413)	(21,463)
Depreciation and amortization	1,339	1,457	11,496
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	1,334	(1,992)	11,458
(Increase) decrease in inventories	(770)	299	(6,610)
(Decrease) increase in trade accounts payable	(414)	804	(3,554)
Other—net	357	(474)	3,065
Total adjustments	(653)	(317)	(5,608)
Net cash provided by operating activities	3,402	4,940	29,212
<b>INVESTING ACTIVITIES:</b>			
Proceeds from sale and redemption of marketable securities	2,203	2,600	18,914
Purchases of property, plant and equipment	(500)	(1,095)	(4,300)
Proceeds from sale of property, plant and equipment	101	342	867
Purchases of investment securities	(1,611)	(500)	(13,831)
Proceeds from sale and redemption of investment securities	1,414		12,139
Other—net	(244)	(388)	(2,100)
Net cash provided by investing activities	1,361	957	11,688
<b>FINANCING ACTIVITIES:</b>			
Repurchase of treasury stock	(615)	(2)	(5,284)
Dividends paid	(1,358)	(1,245)	(11,660)
Repayments of lease obligations	(315)	(334)	(2,706)
Net cash used in financing activities	(2,289)	(1,582)	(19,651)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,475</b>	<b>4,316</b>	<b>21,249</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>36,210</b>	<b>31,894</b>	<b>310,844</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>¥ 38,685</b>	<b>¥ 36,210</b>	<b>\$ 332,094</b>

See notes to financial statements.