

At your side.

M Message from the Management



Representative Director &
President
Toshikazu Koike

● A Look Back at Fiscal 2009

During fiscal 2009, ended March 31, 2010, the Brother Group faced a challenging operating environment aggravated by consumers' staunch intention to save and a stronger yen, despite signs of recovery in the second half of the fiscal year spurred by economic stimulus measures in various countries.

Given these conditions, as well as the negative effect of exchange rates owing to the stronger yen and the influence of the economic recession, Brother Group net sales declined 7.5%, to ¥446,269 million, in fiscal 2009. However, groupwide initiatives to improve profitability through cost reductions and other measures resulted in operating income of ¥26,637 million, up 33.8%, and net income of ¥19,629 million, up 28.6% over the previous year.

● Fiscal 2010 Strategy

Aiming for further growth, the Brother Group formulated a mid- to long-term corporate vision—Global Vision 21—in which we define three objectives for the Group.

Global Vision 21

1. To become a leading global company with high profitability
2. To become a world-class manufacturer by developing outstanding proprietary technologies
3. To embody Brother's motto, "At your side," throughout our corporate culture

From the autumn of 2008, the economic environment surrounding the Brother Group has changed significantly as a result of the global recession sparked by financial crisis. Since then, despite signs of economic recovery, the economic environment remains opaque. In fiscal 2010, we will continue to execute the strategies formulated last year to ensure profits and liquidity. When economic conditions become more favorable, we can smoothly transition back to a growth trajectory, strengthening our global management infrastructure and implementing effective measures for our future growth through careful examination of R&D investments, alliance and M&A opportunities to achieve the objectives defined in Global Vision 21.

Priority Issues

Continue strengthening global business infrastructure to achieve Global Vision 21

Printing Business

Strengthen Business Infrastructure Focused on Future Growth

In our mainstay Printing business, we continue to reinforce our “Brother Means Color” market positioning and to strengthen business infrastructure focused on future growth. Rather than pursuing rapid business expansion, we will focus on a balance of profits and growth. While strengthening our business infrastructure, we will provide our customers with higher value through the creation of more attractive products that meet consumer needs.

Laser Business*

- Expand black-and-white laser product line in emerging markets
- Expand color laser product sales in developed markets while maintaining black-and-white laser product positioning

Inkjet Business

- Focus efforts on high value-added/ business models centered around the A3 inkjet model

Electronic Stationery Business

- Cultivate demand for office applications and specialized applications for vertical markets
- Strengthen solution - providing capability

* including LED

Home Sewing Machines Business

Contribute to Earnings

In the Home Sewing Machines business, we attempt to strengthen the stable profit base for continued earnings contributions.

Industrial Sewing Machines and Machine Tools Businesses

Achieve Profitability

The Industrial Sewing Machines and Machine Tools businesses saw a clear trend toward market recovery in the second half of fiscal 2009. Seizing this opportunity, we concentrated all available forces on our target markets in Asia, centering on China, where we are pursuing cost reductions and targeting profitability.

The Industrial Sewing Machines business is moving forward with profit base strengthening efforts, including the realignment of production sites. The Machine Tools business is strengthening its manufacturing base in response to rapid market recovery, as well as enhancing its customer support framework.

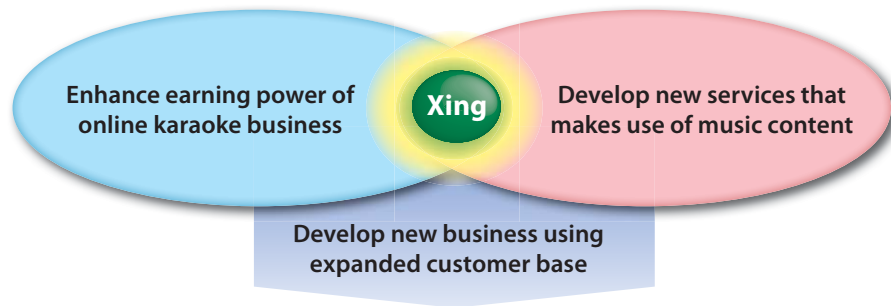


Network and Contents Business

Maximize the Effects of M&A Integration at an Early Stage

In the Network and Contents business, the immediate task is early realization of the integration effect of the January 2010 buyout of BMB Corp., and M&A activity conducted with subsidiary XING Inc.

In July 2010, both companies merged as existing subsidiary XING. Through this merger, we will conduct organizational restructuring, the integration of various systems, raise business efficiency and enhance the earnings base to maintain the company's leading position in the karaoke market. Furthermore, we will develop new businesses by strengthening content development capacity and making use of the expanded customer base.



Network Imaging Device Business

Create New Customer Value

In the Network Imaging Device business, following the 2009 release of the Brother Document Viewer, a paper-like display, we are engaged in initiatives that add new value by providing solutions and expanding our applications lineup.

Management Infrastructure

Strengthen Global Management Infrastructure

We are taking steps to strengthen the management infrastructure of the entire group through the promotion of globalization of development, production, sales & marketing and various other functions.

