Brother Industries, Ltd. and Consolidated Subsidiaries
Year ended March 31, 2012

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which BROTHER INDUSTRIES, LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82 to $1, the approximate rate of exchange at March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

(1) Consolidation

The Company has 88 (85 in 2011) subsidiaries at March 31, 2012. The accompanying consolidated financial statements as of March 31, 2012 include the accounts of the Company and its significant 55 (54 in 2011) subsidiaries (together, the "Group"). The remaining 33 (31 in 2011) unconsolidated subsidiaries' combined assets, net sales, net income and retained earnings in the aggregate are not significant in relation to those of the consolidated financial statements of the Group.

Details of significant consolidated subsidiaries at March 31, 2012 are listed as follows:

	Equity ownership percentage at March 31, 2012		Capital in thousands of local currency
	Directly	Indirectly	
Brother International Corporation (Japan)	100.0 %	—	¥630,000
Brother Real Estate, Ltd.	100.0	—	¥300,000
Xing Inc.	99.9	—	¥7,122,649
Standard Corp.	—	100.0 %	¥90,000
Brother Sales, Ltd.	100.0	—	¥3,500,000
Bellezza Club Japan Inc.	100.0	—	¥90,250
Brother International Corporation (U.S.A.)	100.0	—	US$7,034
Brother International Corporation (Canada) Ltd.	—	100.0	C$11,592
Brother International De Mexico, S.A. De C.V.	—	100.0	MEX$75,260
Brother Industries (U.S.A.) Inc.	—	100.0	US$14,000
Brother International Corporation Do Brazil, Ltda.	—	100.0	R$49,645
Brother International De Chile, Ltda.	—	100.0	CH$2,801,966
Brother International Europe Ltd.	—	100.0	Stg.£26,500
Brother Holding (Europe) Ltd.	100.0	—	Stg.£87,013
Brother U.K. Ltd.	—	100.0	Stg.£17,400
Brother Internationale Industriemachinen GmbH	—	100.0	EURO9,000
Brother France SAS	—	100.0	EURO12,000
Brother International GmbH (Germany)	—	100.0	EURO25,000
Brother Italia S.p.A.	—	100.0	EURO3,700
Brother Nordic A/S	—	100.0	DKr.42,000
Brother Industries (U.K.) Ltd.	100.0	—	Stg.£9,700
Brother Finance (U.K.) Plc	100.0	—	Stg.£2,500
Taiwan Brother Industries, Ltd.	100.0	—	NT$242,000
Zhuhai Brother Industries, Co., Ltd.	100.0	—	US$7,000
Brother Corporation (Asia) Ltd.	100.0	—	US$11,630
Brother Industries Technology (Malaysia) Sdn. Bhd.	100.0	—	MR21,000
Brother International (Aust.) Pty. Ltd.	100.0	—	A$2,500
Brother International Singapore Pte. Ltd.	—	100.0	US$9,527
Brother Machinery Xian Co., Ltd.	100.0	—	US$43,000
Brother Industries (Shenzhen), Ltd.	—	100.0	US$27,000
Brother (China) Ltd.	100.0	—	US$20,500
Brother Industries (Vietnam) Ltd.	100.0	—	US$80,000
Brother Technology (Shenzhen) Ltd.	—	100.0	US$15,000

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over the recoverable period, unless deemed immaterial and charged to income.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

(2) Investments in Unconsolidated Subsidiaries and Associated Companies

Investments in two unconsolidated subsidiaries (two in 2011) and six associated companies (six in 2011) are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If these companies had been consolidated or accounted for by the equity method, the effect on the consolidated financial statements would not have been material.

Accordingly, income from the unconsolidated subsidiaries and associated companies is recognized when the Group receives dividends. Unrealized intercompany profits, if any, have not been eliminated in the consolidated financial statements.

(3) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

On May 17, 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No.18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of research and development (R&D); 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and 5) exclusion of minority interests from net income, if included.

(4) Unification of Accounting Policies Applied to Associated Companies for the Equity Method

In March 2008, the ASBJ issued ASBJ Statement No.16, "Accounting Standard for Equity Method of Accounting for Investments" and ASBJ PITF No.24, "Practical Solution on Unification of Accounting Policies Applied to Associated Companies for the Equity Method." The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and 5) exclusion of minority interests from net income, if contained.

(5) Business Combination

In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No.7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No.10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required R&D costs to be charged to income as incurred. Under the revised standard, in-process R&D costs acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. This standard was applicable to business combinations undertaken on or after April 1, 2010.

(6) Cash Equivalents
Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and investment trust, all of which mature or become due within three months of the date of acquisition.

(7) Inventories
Inventories are stated at the lower of cost or market. The company and consolidated manufacturing subsidiaries determine cost by the average method. The consolidated sales subsidiaries determine cost by using the average method or the first-in, first-out method.

(8) Marketable and Investment Securities
Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

i) trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings;
ii) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are reported at amortized cost; and
iii) available-for-sale securities with market values, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity. Non-marketable available-for-sale securities are stated at cost determined by the moving average method.

For other-than-temporary declines in fair value, marketable and investment securities are reduced to net realizable value by a charge to income.

(9) Property, Plant and Equipment
Property, plant and equipment are stated at cost. Depreciation is mainly computed by the declining-balance method.

The range of useful lives was principally from three to 50 years for buildings and structures, from four to 12 years for machinery and vehicles and from two to 20 years for furniture and fixtures.

Depreciation of leased assets under finance leases is computed by the straight-line method over the lease period.

(10) Long-lived Assets
The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(11) Other Investments and Assets
Intangible assets and goodwill are carried at cost less accumulated amortization, which is calculated by the straight-line method.

(12) Bonuses to Directors and Corporate Auditors
Bonuses to directors and corporate auditors are accrued at the year-end to which such bonuses are attributable.

(13) Warranty Reserve
The Group provided a warranty reserve for repair service to cover all repair expenses based on the past warranty experience.

The warranty reserve was included in accrued expenses and amounted to ¥4,277 million ($52,159 thousand) and ¥6,023 million at March 31, 2012 and 2011, respectively.

(14) Liability for Retirement Benefits

(i) **Employees' Retirement Benefits**

The Company has a contributory funded pension plan and a defined contribution pension plan covering substantially all of its employees. Certain domestic consolidated subsidiaries have non-contributory funded pension plans or unfunded retirement benefit plans. Also, certain foreign subsidiaries have defined benefit pension plans and defined contribution pension plans.

The Company and certain consolidated subsidiaries account for the liability for retirement benefits based on projected benefit obligations and plan assets at the consolidated balance sheet date. Certain small subsidiaries apply the simplified method to state the liability at the amount which would be paid if employees retired, less plan assets at the consolidated balance sheet date.

(ii) **Retirement Benefits for Directors and Corporate Auditors**

Certain domestic consolidated subsidiaries provide retirement allowances for directors and corporate auditors. Retirement allowances for directors and corporate auditors are recorded to state the liability which would be paid at the amount if they retired at each consolidated balance sheet date. The retirement benefits for directors and corporate auditors are paid upon the approval of the shareholders.

(15) Asset Retirement Obligations

In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

(16) Stock Options

The ASBJ Statement No.8, "Accounting Standard for Stock Options" and related guidance are applicable to stock options granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the consolidated balance sheets, stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

(17) R&D Costs

R&D costs are charged to income as incurred.

(18) Leases

In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008.

(Lessee)
Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

(Lessor)
Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

(19) Construction Contracts
In December 2007, the ASBJ issued ASBJ Statement No.15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No.18, "Guidance on Accounting Standard for Construction Contracts."

Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method shall be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for loss on construction contracts.

(20) Income Taxes
The provision for current income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(21) Foreign Currency Transactions
All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

(22) Foreign Currency Financial Statements
The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of the equity and included in minority interests.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate during the year.

(23) Derivative and Hedging Activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts and currency option contracts are utilized by the Group to reduce foreign currency exchange. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign currency forward contracts and currency option contracts employed to hedge foreign exchange exposures are measured at fair value and unrealized gains (losses) are recognized in income. Foreign currency forward contracts and currency option contracts applied for forecasted (or committed) transactions are also measured at fair value, but the unrealized gains (losses) are deferred until the underlying hedged transactions are completed.

(24) Per Share Information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised. Diluted net income per share of common stock assumes full exercise of outstanding warrants at the beginning of the year (or at the time of issuance).

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

(25) Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No.24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No.24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies
When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations
When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors
When an error in prior-period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

(26) Consolidated corporate tax system

The Company has applied for a consolidated corporate tax system because the Company and some of its consolidated subsidiaries are scheduled to adopt the system from the year ended March 31, 2013. As a result, the Company has been adopting accounting treatments as a prerequisite to the adoption of a consolidated corporate tax system in accordance with PITF No.5 "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" and PITF No.7 "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" from the current year.

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3. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Current:			
Government and corporate bonds	**¥ 475**	¥ 300	**$ 5,793**
Total	**¥ 475**	¥ 300	**$ 5,793**
Non-current:			
Marketable equity securities	**¥ 12,207**	¥ 12,759	**$ 148,866**
Government and corporate bonds	**50**	525	**610**
Other	**153**	223	**1,865**
Total	**¥ 12,410**	¥ 13,507	**$ 151,341**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2012 and 2011 were as follows:

	Millions of Yen			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥ 8,356**	**¥ 3,895**	**¥ (774)**	**¥ 11,477**
Other	**14**	**—**	**—**	**14**
Held-to-maturity	**525**	**2**	**—**	**527**

	Millions of Yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 8,568	¥ 4,289	¥ (713)	¥ 12,144
Other	139	1	—	140
Held-to-maturity	825	5	—	830

	Thousands of U.S. Dollars			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$ 101,902**	**$ 47,500**	**$ (9,439)**	**$ 139,963**
Other	**171**	**—**	**—**	**171**
Held-to-maturity	**6,402**	**25**	**—**	**6,427**

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The information of the available-for-sale securities which were sold during the years ended March 31, 2012 and 2011 was as follows:

	Millions of Yen		
March 31, 2012	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	**¥ 130**	**¥ 21**	**¥ (17)**
Other	**126**	**3**	**—**

	Millions of Yen		
March 31, 2011	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 56	¥ 1	¥ (3)

	Thousands of U.S. Dollars		
March 31, 2012	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	**$ 1,585**	**$ 256**	**$ (207)**
Other	**1,537**	**37**	**—**

4. Inventories

Inventories at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Merchandise and finished products	**¥ 51,960**	¥ 49,500	**$ 633,659**
Work in process	**7,937**	8,067	**96,793**
Raw materials and supplies	**16,587**	14,689	**202,280**
Total	**¥ 76,484**	¥ 72,256	**$ 932,732**

5. Long-lived Assets

The Group reviewed its long-lived assets for impairment. For the years ended March 31, 2012 and 2011, the Company and consolidated subsidiaries recorded impairment loss of ¥609 million ($7,427 thousand) and ¥1,473 million, respectively, as other expense, for business assets, idle assets and rental assets. The carrying amounts of these assets were written down to the recoverable amount. The recoverable amount of business assets was measured at the value in use or the net selling price at disposition, while idle assets and rental assets were measured at the net selling price at disposition. The discount rates used for computation of the present value of future cash flows were 8.1% for the year ended March 31, 2012 and ranged from 4.60% to 5.08% for the year ended March 31, 2011.

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6. Investment Property

The Group owns certain rental properties such as office buildings and land in Nagoya and other areas. The net of rental income and operating expenses for those rental properties was ¥1,053 million ($12,841 thousand) and ¥1,230 million for the years ended March 31, 2012 and 2011, respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties are as follows:

Millions of Yen			
Carrying amount			Fair value
April 1, 2011	Decrease	March 31, 2012	March 31, 2012
¥ 8,797	¥ (935)	**¥ 7,862**	**¥ 15,515**

Millions of Yen			
Carrying amount			Fair value
April 1, 2010	Decrease	March 31, 2011	March 31, 2011
¥ 10,053	¥ (1,256)	¥ 8,797	¥ 16,862

Thousands of U.S. Dollars			
Carrying amount			Fair value
April 1, 2011	Decrease	March 31, 2012	March 31, 2012
$ 107,280	$ (11,402)	**$ 95,878**	**$ 189,207**

Notes: 1) The carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.
2) The fair value of properties is mainly measured by the Group in accordance with its Real-estate Appraisal Standard.

7. Short-term Borrowings and Long-term Debt

Short-term borrowings at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Loans principally from banks with weighted-average interest rates of 0.63% (0.56% in 2011)	**¥ 4,467**	¥ 8,637	**$ 54,476**

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Fourth unsecured 1.68% domestic bonds, due 2012 *1	**¥ 15,000**	¥ 15,000	**$ 182,927**
Fifth unsecured 1.97% domestic bonds, due 2011 *2	**—**	500	**—**
Unsecured loans from a bank, due 2018 with interest rates of 1.73% and 1.61 (1.73% in 2011)	**500**	250	**6,098**
Lease obligations	**3,174**	5,978	**38,707**
Total	**18,674**	21,728	**227,732**
Less current portion	**(16,363)**	(3,422)	**(199,549)**
Long-term debt, less current portion	**¥ 2,311**	¥ 18,306	**$ 28,183**

*1: Issued by the Company
*2: Issued by Brother Real Estate, Ltd.

Annual maturities of long-term debt at March 31, 2012 were as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 16,363	$ 199,549
2014	1,202	14,659
2015	313	3,817
2016	221	2,695
2017 and thereafter	575	7,012
Total	¥ 18,674	$ 227,732

The carrying amounts of assets pledged as collateral for other long-term liabilities of ¥104 million ($1,268 thousand) at March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Buildings and structures, net of accumulated depreciation	¥ 214	$ 2,610
Land	123	1,500
Total	¥ 337	$ 4,110

8. Retirement and Pension Plans

The liability for retirement benefits in the accompanying consolidated balance sheets consisted of retirement allowances for directors and corporate auditors of ¥106 million ($1,293 thousand) and ¥121 million at March 31, 2012 and 2011, respectively, and employees' retirement benefits of ¥6,980 million ($85,122 thousand) and ¥7,528 million at March 31, 2012 and 2011, respectively.

Retirement Allowances for Directors and Corporate Auditors

Retirement allowances for directors and corporate auditors are paid subject to approval of the shareholders in accordance with the Companies Act of Japan (the "Companies Act").

Certain domestic consolidated subsidiaries recorded liabilities for their unfunded retirement allowance plan covering all of their directors and corporate auditors.

Employees' Retirement Benefits

Under the pension plan, employees terminating their employment are, in most circumstances, entitled to pension payments based on their average pay during their employment, length of service and certain other factors.

The Company and certain domestic subsidiaries have two types of pension plans for employees: a non-contributory and a contributory funded defined benefit pension plan. Certain foreign subsidiaries have defined benefit pension plans and defined contribution pension plans.

The liability for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Projected benefit obligation	**¥ (51,533)**	¥ (50,134)	**$ (628,451)**
Fair value of plan assets	**42,878**	42,447	**522,902**
Unrecognized actuarial loss	**11,875**	11,621	**144,818**
Unrecognized prior service benefit	**1,570**	1,158	**19,146**
Net assets	**4,790**	5,092	**58,415**
Prepaid pension cost	**11,771**	12,620	**143,549**
Liability for employees' retirement benefits	**¥ (6,981)**	¥ (7,528)	**$ (85,134)**

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Service cost	**¥ 1,733**	¥ 1,638	**$ 21,134**
Interest cost	**1,463**	1,434	**17,841**
Expected return on plan assets	**(1,531)**	(1,517)	**(18,671)**
Recognized actuarial loss	**1,618**	2,201	**19,732**
Amortization of prior service benefit	**(404)**	(274)	**(4,927)**
Additional retirement payments and others	**213**	147	**2,598**
Contribution to defined contribution pension plans	**1,569**	1,413	**19,134**
Net periodic retirement benefits cost	**¥ 4,661**	¥ 5,042	**$ 56,841**

Assumptions used for the years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Periodic recognition of projected benefit obligation	**Straight-line method**	Straight-line method
Discount rate	**Principally from 1.5% to 2.0%**	Principally from 1.5% to 2.0%
Expected rate of return on plan assets	**Principally 3.0%**	Principally 3.0%
Recognition period of actuarial gain / loss	**Principally from seven years to 17 years**	Principally from seven years to 17 years
Amortization period of prior service benefit / cost	**Principally from seven years to 16 years**	Principally from seven years to 16 years

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9. Asset Retirement Obligations

(a) Outline of asset retirement obligations

The Group's asset retirement obligations are primarily the result of legal obligations for the removal of leasehold improvements, the restoration of premises to the original condition, and the removal of liquid crystal in the karaoke machines upon the termination of the lease of the karaoke house.

(b) Method applied to computation of the asset retirement obligations

The estimated periods until the asset retirement obligations are settled are 1 to 34 years from the acquisition. The discounted rates used for computation of the asset retirement obligations are 0.13% to 3.48% and 0.16% to 3.48% for the years ended March 31, 2012 and 2011, respectively.

The changes in asset retirement obligations for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Balance at beginning of year	**¥ 1,022**	¥ 1,089	**$ 12,463**
Additional provisions associated with purchases of property, plant and equipment	**78**	—	**951**
Reconciliation associated with passage of time	**15**	14	**183**
Reduction associated with settlement of asset retirement obligations	**(121)**	(81)	**(1,475)**
Reversal associated with changes in contracts	**(21)**	—	**(256)**
Balance at end of year	**¥ 973**	¥ 1,022	**$ 11,866**

10. Equity

Japanese companies have been subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reserved without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11. Stock Options

The stock options outstanding as of March 31, 2012 were as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2007 Stock Option	Six directors	46,000 shares	Mar 19, 2007	¥ 1 ($0.01)	30 years starting on the following day of stock option grant date
2008 Stock Option	Six directors	65,100 shares	Mar 24, 2008	¥ 1 ($0.01)	Same as above
2009 Stock Option	Five directors	114,500 shares	Mar 23, 2009	¥ 1 ($0.01)	Same as above
2010 Stock Option	Four directors 14 executive officers	51,900 shares 49,600 shares	Mar 23, 2010	¥ 1 ($0.01)	Same as above
2011 Stock Option	Four directors 13 executive officers	43,200 shares 40,300 shares	Mar 23, 2011	¥ 1 ($0.01)	Same as above
2012 Stock Option	Three directors 16 executive officers	44,600 shares 61,800 shares	Mar 23, 2012	¥ 1 ($0.01)	Same as above

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The stock option activity was as follows:

	2012 Stock Option (shares)	2011 Stock Option (shares)	2010 Stock Option (shares)	2009 Stock Option (shares)	2008 Stock Option (shares)	2007 Stock Option (shares)
For the year ended March 31, 2011						
Non-vested						
April 1, 2010 – Outstanding	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Canceled	—	—	—	—	—	—
Vested	—	—	—	—	—	—
March 31, 2011 – Outstanding	—	—	—	—	—	—
Vested						
April 1, 2010 - Outstanding	—	—	101,500	114,500	65,100	46,000
Vested	—	83,500	—	—	—	—
Exercised	—	—	3,200	—	13,500	14,000
Canceled	—	—	—	—	—	—
March 31, 2011 – Outstanding	—	83,500	98,300	114,500	51,600	32,000
For the year ended March 31, 2012						
Non-vested						
April 1, 2011 – Outstanding	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Canceled	—	—	—	—	—	—
Vested	—	—	—	—	—	—
March 31, 2012 – Outstanding	—	—	—	—	—	—
Vested						
April 1, 2011 - Outstanding	—	83,500	98,300	114,500	51,600	32,000
Vested	106,400	—	—	—	—	—
Exercised	—	—	—	25,800	—	2,000
Canceled	—	—	—	—	—	—
March 31, 2012 – Outstanding	106,400	83,500	98,300	88,700	51,600	30,000
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
	($ 0.01)	($ 0.01)	($ 0.01)	($ 0.01)	($ 0.01)	($ 0.01)
Average stock price at exercise	—	—	—	¥ 1,224	—	¥ 974
	(—)	(—)	(—)	($ 14.93)	(—)	($ 11.88)
Fair value price at grant date	¥ 929	¥ 1,018	¥ 899	¥ 642	¥ 915	¥ 1,350
(directors)	($11.33)	($ 12.41)	($ 10.96)	($ 7.83)	($ 11.16)	($ 16.46)
Fair value price at grant date	¥ 957	¥ 1,034	¥ 912	—	—	—
(executive officers)	($ 11.67)	($ 12.61)	($ 11.12)	(—)	(—)	(—)

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The assumptions used to measure fair value of 2012 Stock Option (directors)	
Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	40.48%
Estimated remaining outstanding period:	11 years
Estimated dividend rate:	1.57%
Risk free interest rate:	1.10%

The assumptions used to measure fair value of 2012 Stock Option (executive officers)	
Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	39.76%
Estimated remaining outstanding period:	9 years
Estimated dividend rate:	1.60%
Risk free interest rate:	0.91%

12. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Deferred Tax Assets:			
Inventories	**¥ 7,844**	¥ 8,399	**$ 95,659**
Accrued bonuses	**2,301**	2,548	**28,061**
Accrued expenses	**1,498**	1,780	**18,268**
Allowance for doubtful accounts	**6,755**	8,105	**82,378**
Warranty reserve	**895**	1,597	**10,915**
Employees' retirement benefits	**942**	1,340	**11,488**
Write-down of investment securities	**3,039**	3,910	**37,061**
Depreciation	**2,862**	3,285	**34,902**
Tax loss carryforwards	**13,945**	16,065	**170,061**
Other	**4,836**	5,038	**58,975**
Less valuation allowance	**(24,148)**	(24,324)	**(294,488)**
Total deferred tax assets	**¥ 20,769**	¥ 27,743	**$ 253,280**
Deferred Tax Liabilities:			
Securities withdrawn from retirement benefit trust	**¥ (2,845)**	¥ (3,262)	**$ (34,695)**
Prepaid pension cost	**(4,215)**	(5,111)	**(51,402)**
Differences between book and tax bases of property, plant and equipment	**(1,909)**	(2,381)	**(23,280)**
Undistributed earnings of foreign subsidiaries	**(3,964)**	(3,458)	**(48,341)**
Unrealized gain on available-for-sale securities	**(758)**	(863)	**(9,244)**
Other	**(851)**	(750)	**(10,379)**
Total deferred tax liabilities	**¥ (14,542)**	¥ (15,825)	**$ (177,341)**
Net deferred tax assets	**¥ 6,227**	¥ 11,918	**$ 75,939**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011 was as follows:

	2012	2011
Normal effective statutory tax rate	**40.50%**	40.10%
Expenses not deductible for income tax purposes	**2.56**	6.40
Revenues not recognized for income tax purposes	**(0.45)**	(1.24)
Lower income tax rates applicable to income in certain foreign countries	**(8.80)**	(7.36)
Tax credit for R&D expenses	**(1.26)**	(4.10)
Tax sparing credit	**(0.49)**	(0.23)
Net change in valuation allowance	**8.10**	(10.32)
Undistributed earnings of foreign subsidiaries	**2.30**	1.76
Other – net	**0.29**	(0.35)
Actual effective tax rate	**42.75%**	24.66%

On December 2, 2011, new tax reform laws were enacted in Japan, which decreased effective statutory tax rate effective for the fiscal year on and after April 1, 2012. The effect of this change was immaterial to the Group.

13. R&D Costs

R&D costs charged to income were ¥39,232 million ($478,439 thousand) and ¥36,253 million for the years ended March 31, 2012 and 2011, respectively.

14. Leases

(As lessee)
The Group leases certain buildings and structures, furniture and fixtures, machinery and vehicles.

Total rental expense of finance leases, except for those cases in which the ownership of the leased assets is transferred to the lessee, amounted to ¥1,044 million ($12,732 thousand) and ¥4,054 million for the years ended March 31, 2012 and 2011, respectively. Sublease payments, in the amount of ¥369 million ($4,500 thousand) and ¥2,248 million, were included in the amounts for the years ended March 31, 2012 and 2011, respectively.

Pro forma information of leased property whose lease inception was before March 31, 2008
ASBJ Statement No.13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No.13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Group applied the ASBJ Statement No.13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 was as follows:

	Millions of Yen		
	2012		
	Buildings and Structures	Furniture and Fixtures	Total
Acquisition cost	**¥ 81**	**¥ 953**	**¥ 1,034**
Accumulated depreciation	**52**	**692**	**744**
Accumulated impairment loss	**24**	**151**	**175**
Net leased property	**¥ 5**	**¥ 110**	**¥ 115**

	Millions of Yen			
	2011			
	Buildings and Structures	Furniture and Fixtures	Machinery and Vehicles	Total
Acquisition cost	¥ 170	¥ 2,653	¥ 16	¥ 2,839
Accumulated depreciation	111	1,271	14	1,396
Accumulated impairment loss	16	584	—	600
Net leased property	¥ 43	¥ 798	¥ 2	¥ 843

	Thousands of U.S. Dollars		
	2012		
	Buildings and Structures	Furniture and Fixtures	Total
Acquisition cost	**$ 988**	**$ 11,622**	**$ 12,610**
Accumulated depreciation	**634**	**8,439**	**9,073**
Accumulated impairment loss	**293**	**1,841**	**2,134**
Net leased property	**$ 61**	**$ 1,342**	**$ 1,403**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Finance leases:			
Due within one year	**¥ 173**	¥ 1,677	**$ 2,110**
Due after one year	**3**	438	**36**
Total	**¥ 176**	¥ 2,115	**$ 2,146**

Allowance for impairment losses on leased property of ¥44 million ($537 thousand) and ¥227 million as of March 31, 2012 and 2011 is not included in the obligations under finance leases, respectively.

Sublease obligations included in the above table:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Finance leases:			
Due within one year	**¥ 1**	¥ 795	**$ 12**
Due after one year	**—**	154	**—**
Total	**¥ 1**	¥ 949	**$ 12**

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Depreciation expense, interest expense and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Depreciation expense	**¥ 573**	¥ 1,297	**$ 6,988**
Interest expense	**33**	87	**402**
Reversal of allowance for impairment loss on leased property	**278**	329	**3,390**
Impairment loss	**94**	172	**1,146**

Depreciation expense and interest expense, which are not reflected in the accompanying statement of income, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancellable operating leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Operating leases:			
Due within one year	**¥ 1,211**	¥ 974	**$ 14,768**
Due after one year	**2,510**	3,024	**30,610**
Total	**¥ 3,721**	¥ 3,998	**$ 45,378**

(As lessor)
As discussed in Note 2(18), the Group accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Expected revenues from such finance leases that existed at the transition date and were accounted for as operating leases at March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Finance leases:			
Due within one year	**¥ 1**	¥ 795	**$ 12**
Due after one year	**—**	154	**—**
Total	**¥ 1**	¥ 949	**$ 12**

All revenues in the above table at March 31, 2012 and 2011 arose from sublease transactions.

Expected revenues under noncancellable operating leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Operating leases:			
Due within one year	**¥ 8**	¥ 201	**$ 98**
Due after one year	**30**	264	**365**
Total	**¥ 38**	¥ 465	**$ 463**

15. Financial Instruments and Related Disclosures

(1) Group policy for financial instruments

The Group uses financial instruments, mainly long-term debt including bank loans and bonds, based on its capital financing plan. Cash surpluses, if any, are invested in low risk financial assets. Short-term bank loans are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and extent of risks arising from financial instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts and currency option contracts.

Marketable and investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

Bank loans are mainly used to fund ongoing operations. The long-term portion of bank loans is borrowed with fixed interest rate. The maturities of bonds are a year after the balance sheet date at maximum and are mainly used to fund plant and equipment investment.

Derivatives mainly include forward foreign currency contracts, currency option contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, respectively. Please see Note 16 for more detail about derivatives.

(3) Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers in the early stage. With respect to held-to-maturity financial investments, the Group manages its exposure to credit risk by limiting its funding to high credit rated bonds in accordance with its internal guidelines.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2012.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk of trade receivables is hedged principally by forward foreign currency contracts and currency option contracts. In addition, when foreign currency trade receivables and payables are expected from a forecasted transaction, forward foreign currency contracts and currency option contracts may be used to hedge foreign exchange risk resulting from the forecasted transaction expected to occur within one year.

The executions and administration of derivatives have been approved by those who are granted authority based on the internal guidelines which prescribe the authority and the limit for each transaction.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on their maturity dates. The Group manages its liquidity risk with adequate financial planning by each company.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also, please see Note 16 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain/(Loss)
Cash and cash equivalents	**¥ 58,732**	**¥ 58,732**	**—**
Marketable securities	**475**	**476**	**¥ 1**
Receivables	**64,186**	**64,186**	**—**
Investment securities	**11,541**	**11,542**	**1**
Total	**¥ 134,934**	**¥ 134,936**	**¥ 2**
Short-term borrowings	**¥ 4,467**	**¥ 4,467**	**—**
Current portion of long-term debt	**16,363**	**16,435**	**¥ (72)**
Payables	**49,394**	**49,394**	**—**
Income taxes payable	**2,592**	**2,592**	**—**
Long-term debt	**2,311**	**2,315**	**(4)**
Total	**¥ 75,127**	**¥ 75,203**	**¥ (76)**

	Millions of Yen		
March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain/(Loss)
Cash and cash equivalents	¥ 65,101	¥ 65,101	—
Marketable securities	300	300	—
Receivables	62,185	62,185	—
Investment securities	12,809	12,814	¥ 5
Total	¥ 140,395	¥ 140,400	¥ 5
Short-term borrowings	¥ 8,637	¥ 8,637	—
Current portion of long-term debt	3,422	3,431	¥ (9)
Payables	47,415	47,415	—
Income taxes payable	7,346	7,346	—
Long-term debt	18,306	18,566	(260)
Total	¥ 85,126	¥ 85,395	¥ (269)

	Thousands of U.S. Dollars		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gain/(Loss)
Cash and cash equivalents	$ 716,244	$ 716,244	—
Marketable securities	5,793	5,805	$ 12
Receivables	782,756	782,756	—
Investment securities	140,744	140,756	12
Total	$ 1,645,537	$ 1,645,561	$ 24
Short-term borrowings	$ 54,476	$ 54,476	—
Current portion of long-term debt	199,549	200,427	$ (878)
Payables	602,366	602,366	—
Income taxes payable	31,610	31,610	—
Long-term debt	28,183	28,232	(49)
Total	$ 916,184	$ 917,111	$ (927)

Cash and cash equivalents
The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Marketable and investment securities
The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments.

The carrying values of investment trusts approximate fair value because of their short maturities.

The information of the fair value for the marketable and investment securities by classification is included in Note 3.

Receivables and payables
The carrying values of receivables and payables approximate fair value because of their short maturities.

Short-term borrowings and long- term debt
The carrying values of short-term borrowings approximate fair value because of their short maturities.

The fair values of Company's bonds are measured at the quoted market price of the bond market.

The fair values of long-term bank loans are determined by discounting the total balance of principal and interest at the rate which is considered by the remaining term and the Group's credit risk.

Carrying amounts of lease obligations approximate fair value, because neither the risk free rate nor the Group's credibility has changed significantly since the date of lease inception.

Income taxes payable
The carrying values of income taxes payable approximate fair value because of their short maturities.

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Derivatives
The information of the fair value for derivatives is included in Note 16.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Equity securities that do not have a quoted market price in an active market	**¥ 730**	¥ 615	**$ 8,903**
Investments in limited liability partnerships that do not have a quoted market price in an active market	**139**	83	**1,695**
Investments in unconsolidated subsidiaries and associated companies	**20,148**	16,406	**245,707**
Total	**¥ 21,017**	¥ 17,104	**$ 256,305**

(5) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Cash and cash equivalents	**¥ 58,732**	—	—	—
Marketable securities	**475**	—	—	—
Receivables	**64,186**	—	—	—
Investment securities				
Held-to-maturity securities	**475**	**¥ 50**	—	—
Available-for-sale securities with contractual maturities	**14**	—	—	—
Total	**¥ 123,882**	**¥ 50**	—	—

	Thousands of U.S. Dollars			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Cash and cash equivalents	**$ 716,244**	—	—	—
Marketable securities	**5,793**	—	—	—
Receivables	**782,756**	—	—	—
Investment securities				
Held-to-maturity securities	**5,793**	**$ 610**	—	—
Available-for-sale securities with contractual maturities	**171**	—	—	—
Total	**$ 1,510,757**	**$ 610**	—	—

Please see Note 7 for annual maturities of long-term debt.

16. Derivatives

The Group enters into foreign currency forward contracts and currency option contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group also enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities. All derivative transactions are entered into to hedge foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. The Group does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major international financial institutions with high credit ratings, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

The contract or notional amounts of derivatives which are shown in the following table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

Derivative transactions to which hedge accounting is not applied at March 31, 2012 and 2011

	Millions of Yen			
At March 31, 2012	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/(Loss)
Foreign currency forward contracts:				
Selling:				
U.S. Dollars	¥ 1,761	—	¥ 4	¥ 4
Euro	3,009	—	(44)	(44)
Pound Sterling	311	—	(17)	(17)
Thailand Baht	329	—	1	1
Yen	20,742	—	(66)	(66)
Mexican Peso	685	—	(30)	(30)
Korean Won	160	—	(1)	(1)
Indonesia Rupiah	250	—	(5)	(5)
Taiwan Dollars	71	—	0	0
India Rupee	132	—	(1)	(1)
Philippine Peso	275	—	(1)	(1)
Buying:				
U.S. Dollars	¥ 1,856	—	¥ 24	¥ 24
Euro	22	—	(0)	(0)
Currency option contracts:				
Selling:				
Call				
Euro	¥ 55,587	¥ 3,382	¥ 1,334	¥ (432)
(Option fee)	(902)	(70)		
Pound Sterling	4,807	223	177	(122)
(Option fee)	(55)	(4)		
Swiss Franc	316	—	2	2
(Option fee)	(4)	—		
Buying:				
Call				
Euro	¥ 212	—	¥ 1	¥ (3)
(Option fee)	(4)	—		
Yen	38,921	¥ 3,417	1,184	218
(Option fee)	(966)	(74)		
Interest rate swaps: (fixed rate payment, floating rate receipt)	¥ 1,250	¥ 250	¥ (16)	¥ (16)

Brother Industries, Ltd. and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of Yen			
At March 31, 2011	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/(Loss)
Foreign currency forward contracts:				
Selling:				
U.S. Dollars	¥ 711	—	¥ 5	¥ 5
Euro	3,240	—	(103)	(103)
Pound Sterling	401	—	2	2
Thailand Baht	50	—	(1)	(1)
Yen	7,813	—	193	193
Mexican Peso	572	—	(12)	(12)
Korean Won	157	—	4	4
Indonesia Rupiah	203	—	4	4
Taiwan Dollars	124	—	(1)	(1)
India Rupee	30	—	(0)	(0)
Philippine Peso	232	—	2	2
Buying:				
U.S. Dollars	¥ 3,404	—	¥ (69)	¥ (69)
Pound Sterling	67	—	(1)	(1)
Currency option contracts:				
Selling:				
Call				
Euro	¥ 52,113	¥ 1,764	¥ 1,440	¥ (274)
(Option fee)	(1,166)	(40)		
Pound Sterling	1,339	—	22	(3)
(Option fee)	(19)	—		
Swiss Franc	642	—	8	3
(Option fee)	(10)	—		
Buying:				
Call				
Euro	¥ 333	—	¥ 6	¥ (5)
(Option fee)	(10)	—		
Yen	47,567	¥ 1,764	1,013	(165)
(Option fee)	(1,178)	(40)		
Interest rate swaps: (fixed rate payment, floating rate receipt)	¥ 1,250	¥ 1,250	¥ (29)	¥ (29)

Brother Industries, Ltd. and Consolidated Subsidiaries
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	Thousands of U.S. Dollars			
At March 31, 2012	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/(Loss)
Foreign currency forward contracts:				
Selling:				
U.S. Dollars	$ 21,476	—	$ 49	$ 49
Euro	36,695	—	(537)	(537)
Pound Sterling	3,793	—	(207)	(207)
Thailand Baht	4,012	—	12	12
Yen	252,951	—	(805)	(805)
Mexican Peso	8,354	—	(366)	(366)
Korean Won	1,951	—	(12)	(12)
Indonesia Rupiah	3,049	—	(61)	(61)
Taiwan Dollars	866	—	0	0
India Rupee	1,610	—	(12)	(12)
Philippine Peso	3,354	—	(12)	(12)
Buying:				
U.S. Dollars	$ 22,634	—	$ 293	$ 293
Euro	268	—	(0)	(0)
Currency option contracts:				
Selling:				
Call				
Euro	$ 677,890	$ 41,244	$ 16,268	$ (5,268)
(Option fee)	(11,000)	(854)		
Pound Sterling	58,622	2,720	2,159	(1,488)
(Option fee)	(671)	(49)		
Swiss Franc	3,854	—	24	24
(Option fee)	(49)	—		
Buying:				
Call				
Euro	$ 2,585	—	$ 12	$ (37)
(Option fee)	(49)	—		
Yen	474,646	$ 41,671	14,439	2,659
(Option fee)	(11,780)	(902)		
Interest rate swaps: (fixed rate payment, floating rate receipt)	$ 15,244	$ 3,049	$ (195)	$ (195)

Brother Industries, Ltd. and Consolidated Subsidiaries
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Derivative transactions to which hedge accounting is applied at March 31, 2012 and 2011

	Millions of Yen			
At March 31, 2012	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling:				
Euro	Receivables	¥ **5,470**	**—**	¥ **(287)**
Pound Sterling	Receivables	**446**	**—**	**(16)**
Yen	Receivables	**236**	**—**	**12**
Korean Won	Receivables	**57**	**—**	**1**
Indonesia Rupiah	Receivables	**104**	**—**	**5**
Taiwan Dollars	Receivables	**70**	**—**	**1**
India Rupee	Receivables	**13**	**—**	**0**
Philippine Peso	Receivables	**130**	**—**	**1**

	Millions of Yen			
At March 31, 2011	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling:				
Euro	Receivables	¥ 6,347	—	¥ (147)
Pound Sterling	Receivables	470	—	3
Korean Won	Receivables	64	—	1
Indonesia Rupiah	Receivables	99	—	2
Taiwan Dollars	Receivables	44	—	1

	Thousands of U.S. Dollars			
At March 31, 2012	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling:				
Euro	Receivables	$ **66,707**	**—**	$ **(3,500)**
Pound Sterling	Receivables	**5,439**	**—**	**(195)**
Yen	Receivables	**2,878**	**—**	**146**
Korean Won	Receivables	**695**	**—**	**12**
Indonesia Rupiah	Receivables	**1,268**	**—**	**61**
Taiwan Dollars	Receivables	**854**	**—**	**12**
India Rupee	Receivables	**159**	**—**	**0**
Philippine Peso	Receivables	**1,585**	**—**	**12**

The fair value of derivative transaction is measured at the quoted price obtained from the financial institution.

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17. Contingent Liabilities

At March 31, 2012, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees for debt of customers	¥ 213	$ 2,598

18. Comprehensive Income

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2012	2012
Unrealized loss on available-for-sale securities:		
Losses arising during the year	¥ (740)	$ (9,025)
Reclassification adjustments to profit	(1)	(12)
Amount before income tax effect	(741)	(9,037)
Income tax effect	433	5,280
Total	¥ (308)	$ (3,757)
Deferred gain (loss) on derivatives under hedge accounting:		
Gains arising during the year	¥ 2,774	$ 33,829
Reclassification adjustment to profit	(2,917)	(35,573)
Amount before income tax effect	(143)	(1,744)
Income tax effect	49	598
Total	¥ (94)	$ (1,146)
Foreign currency translation adjustments:		
Adjustments arising during the year	¥ (2,143)	$ (26,134)
Total	¥ (2,143)	$ (26,134)
Share of other comprehensive income in associates:		
Gains arising during the year	¥ 40	$ 488
Total	¥ 40	$ 488
Total other comprehensive loss	¥ (2,505)	$ (30,549)

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

Brother Industries, Ltd. and Consolidated Subsidiaries
Year ended March 31, 2012

19. Net Income per Share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
For the year ended March 31, 2012:				
Basic EPS				
Net income available to common shareholders	**¥ 19,525**	**267,659**	**¥ 72.95**	**$ 0.89**
Effect of dilutive securities				
Stock acquisition rights		**364**		
Diluted EPS				
Net income for computation	**¥ 19,525**	**268,023**	**¥ 72.85**	**$ 0.89**
For the year ended March 31, 2011:				
Basic EPS				
Net income available to common shareholders	¥ 26,238	267,645	¥ 98.03	
Effect of dilutive securities				
Stock acquisition rights		328		
Diluted EPS				
Net income for computation	¥ 26,238	267,973	¥ 97.91	

20. Subsequent Events

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2012 was approved at the Company's board of directors' meeting held on May 17, 2012:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends of ¥12 ($0.15) per share	**¥ 3,225**	**$ 39,329**

21. Segment Information

Under ASBJ Statement No.17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No.20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Brother Industries, Ltd. and Consolidated Subsidiaries
Year ended March 31, 2012

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group consists of four segments "Printing and Solutions," "Personal and Home," "Machinery and Solution" and "Network and Contents," in which the Group formulates and implements comprehensive strategies of products and services. "Printing and Solutions" consists of sales and production of communication printing device such as printers and All-in-Ones, and of sales and production of electronic stationeries. "Personal and Home" consists of sales and production of home sewing machines. "Machinery and Solution" consists of sales and production of industrial sewing machines and machine tools. "Network and Contents" consists of sales and production of online karaoke system, and of contents distribution services.

2. Information about sales, profit (loss), assets and other items is as follows:

	Millions of Yen							
	2012							
	Reportable segment							
	Printing and Solutions	Personal and Home	Machinery and Solution	Network and Contents	Others	Total	Reconciliations	Consolidated
Sales								
Sales to external customers	**¥337,226**	**¥ 30,706**	**¥ 70,423**	**¥ 45,924**	**¥ 13,111**	**¥497,390**	**—**	**¥497,390**
Intersegment sales or transfers	**—**	**—**	**—**	**—**	**7,556**	**7,556**	**¥ (7,556)**	**—**
Total	**¥337,226**	**¥ 30,706**	**¥ 70,423**	**¥ 45,924**	**¥ 20,667**	**¥504,946**	**¥ (7,556)**	**¥497,390**
Segment profit/(loss)	**¥ 21,978**	**¥ 2,604**	**¥ 8,345**	**¥ (19)**	**¥ 1,428**	**¥ 34,336**	**¥ (153)**	**¥ 34,183**
Segment assets	**218,486**	**21,489**	**55,274**	**31,869**	**58,199**	**385,317**	**(14,411)**	**370,906**
Other:								
Depreciation	**¥ 15,425**	**¥ 680**	**¥ 1,332**	**¥ 4,761**	**¥ 871**	**¥ 23,069**	**—**	**¥ 23,069**
Amortization of goodwill	**201**	**—**	**20**	**1,466**	**—**	**1,687**	**—**	**1,687**
Investments in associated companies	**425**	**46**	**9,772**	**1**	**1,416**	**11,660**	**—**	**11,660**
Increase in property, plant and equipment and intangible assets	**16,521**	**721**	**2,667**	**4,008**	**203**	**24,120**	**¥ 3,746**	**27,866**

	Millions of Yen							
	2011							
	Reportable segment							
	Printing and Solutions	Personal and Home	Machinery and Solution	Network and Contents	Others	Total	Reconciliations	Consolidated
Sales								
Sales to external customers	¥ 340,194	¥ 29,433	¥ 66,412	¥ 52,805	¥ 13,986	¥ 502,830	—	¥ 502,830
Intersegment sales or transfers	—	—	—	—	5,876	5,876	¥ (5,876)	—
Total	¥ 340,194	¥ 29,433	¥ 66,412	¥ 52,805	¥ 19,862	¥ 508,706	¥ (5,876)	¥ 502,830
Segment profit/(loss)	¥ 27,093	¥ 2,942	¥ 7,490	¥ (2,731)	¥ 1,298	¥ 36,092	—	¥ 36,092
Segment assets	206,559	17,398	54,104	38,427	63,380	379,868	¥ (7,222)	372,646
Other:								
Depreciation	¥ 15,400	¥ 626	¥ 1,371	¥ 5,735	¥ 895	¥ 24,027	—	¥ 24,027
Amortization of goodwill	213	—	20	2,336	—	2,569	—	2,569
Investments in associated companies	422	93	9,575	—	1,375	11,465	—	11,465
Increase in property, plant and equipment and intangible assets	11,078	678	951	3,922	390	17,019	¥ 2,769	19,788

Brother Industries, Ltd. and Consolidated Subsidiaries
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	Thousands of U.S. Dollars							
	2012							
	Reportable segment							
	Printing and Solutions	Personal and Home	Machinery and Solution	Network and Contents	Others	Total	Reconciliations	Consolidated
Sales								
Sales to external customers	$4,112,512	$374,463	$858,817	$560,049	$159,891	$6,065,732	—	$6,065,732
Intersegment sales or transfers	—	—	—	—	92,146	92,146	$ (92,146)	—
Total	$4,112,512	$374,463	$858,817	$560,049	$252,037	$6,157,878	$ (92,146)	$6,065,732
Segment profit/(loss)	$ 268,024	$ 31,757	$101,768	$ (232)	$ 17,415	$ 418,732	$ (1,866)	$ 416,866
Segment assets	2,664,463	262,061	674,074	388,646	709,744	4,698,988	(175,744)	4,523,244
Other:								
Depreciation	$ 188,110	$ 8,293	$ 16,244	$ 58,061	$ 10,621	$ 281,329	—	$ 281,329
Amortization of goodwill	2,451	—	244	17,878	—	20,573	—	20,573
Investments in associated companies	5,183	561	119,171	12	17,268	142,195	—	142,195
Increase in property, plant and equipment and intangible assets	201,476	8,793	32,524	48,878	2,475	294,146	$ 45,683	339,829

Notes:
(1) "Others" consists of real estate, leasing parts and other areas of business.
(2) Reconciliation amount is as follows:
1) Reconciliation amount of ¥7,556 million ($92,146 thousand) and ¥5,876 million for intersegment sales or transfers as of March 31, 2012 and 2011, respectively, is the elimination of intercompany transactions.
2) Reconciliation amount of ¥153 million ($1,866 thousand) for segment profit/(loss) as of March 31, 2012 is the elimination of intercompany transactions.
3) Reconciliation amount of ¥14,411 million ($175,744 thousand) and ¥7,222 million for segment assets as of March 31, 2012 and 2011, respectively, includes elimination of intercompany balances of ¥67,409 million ($822,061 thousand) and ¥58,372 million respectively, and corporate assets of ¥52,998 million ($646,317 thousand) and ¥51,150 million, respectively, which are not allocated to reportable segments.
4) Reconciliation amount of ¥3,746 million ($45,683 thousand) and ¥2,769 million for increase in property, plant and equipment and intangible assets for the years ended March 31, 2012 and 2011, respectively, are corporate assets, which are not allocated to reportable segments.

3. Information about geographical areas

(a) Sales

Millions of Yen						
2012						
Europe	Japan	U.S.A	China	Asia and others	Americas and others	Total
¥ 137,501	¥ 114,374	¥ 111,062	¥ 55,837	¥ 46,791	¥ 31,825	¥ 497,390

Millions of Yen						
2011						
Europe	Japan	U.S.A	China	Asia and others	Americas and others	Total
¥ 137,068	¥ 117,787	¥ 116,095	¥ 56,937	¥ 46,000	¥ 28,943	¥ 502,830

Thousands of U.S. Dollars						
2012						
Europe	Japan	U.S.A	China	Asia and others	Americas and others	Total
$ 1,676,841	$ 1,394,805	$ 1,354,415	$ 680,939	$ 570,622	$ 388,110	$ 6,065,732

Note: Sales are classified in countries or regions based on locations of customers.

(b) Property, plant and equipment

Millions of Yen					
2012					
Japan	China	Asia and others	Americas	Europe	Total
¥ 45,513	**¥ 9,817**	**¥ 6,541**	**¥ 4,705**	**¥ 3,370**	**¥ 69,946**

Millions of Yen					
2011					
Japan	China	Asia and others	Americas	Europe	Total
¥ 46,676	¥ 7,822	¥ 5,419	¥ 4,963	¥ 3,280	¥ 68,160

Thousands of U.S. Dollars					
2012					
Japan	China	Asia and others	Americas	Europe	Total
$ 555,037	**$ 119,720**	**$ 79,768**	**$ 57,378**	**$ 41,097**	**$ 853,000**

4. Information about impairment losses of assets

	Millions of Yen					
	2012					
	Printing and Solutions	Personal and Home	Machinery and Solution	Network and Contents	Others	Total
Impairment losses of assets	**¥ 78**	**—**	**—**	**¥ 531**	**—**	**¥ 609**

	Millions of Yen					
	2011					
	Printing and Solutions	Personal and Home	Machinery and Solution	Network and Contents	Others	Total
Impairment losses of assets	—	—	—	¥ 1,473	—	¥ 1,473

	Thousands of U.S. Dollars					
	2012					
	Printing and Solutions	Personal and Home	Machinery and Solution	Network and Contents	Others	Total
Impairment losses of assets	**$ 951**	**—**	**—**	**$ 6,476**	**—**	**$ 7,427**

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5. Information about amount of goodwill

	Millions of Yen					
	2012					
	Printing and Solutions	Personal and Home	Machinery and Solution	Network and Contents	Others	Total
Goodwill at March 31, 2012	**¥ 84**	**—**	**¥ 228**	**¥ 6,086**	**—**	**¥ 6,398**

	Millions of Yen					
	2011					
	Printing and Solutions	Personal and Home	Machinery and Solution	Network and Contents	Others	Total
Goodwill at March 31, 2011	¥ 286	—	¥ 248	¥ 7,525	—	¥ 8,059

	Thousands of U.S. Dollars					
	2012					
	Printing and Solutions	Personal and Home	Machinery and Solution	Network and Contents	Others	Total
Goodwill at March 31, 2012	**$ 1,024**	**—**	**$ 2,780**	**$ 74,220**	**—**	**$ 78,024**