

Fiscal Year 2013 (ending March 31, 2014)

First Half & Second Quarter Results
(ended September 30, 2013)

Brother Industries, Ltd.

November 6, 2013

Information on this report, other than historical facts, refers to future prospects and performance, and has been prepared by our Management on the basis of information available at the time of the announcement. This covers various risks, including, but not limited to, economic conditions, customer demand, foreign currency exchange rates, tax rules, regulation and other factors. As a result, actual future performance may differ from any forecasts contained on this report.

◆ Results for first half of FY2013

- ✓ Sales increased compared with the same period the previous year.
 - For Communications & Printing equipment, sales in Europe decreased on a local currency basis. However, as the whole business, sales increased, supported by strong sales in Americas.
 - For Machine tools, sales decreased due to a recoil reduction against large orders in the same period the previous year.
 - For Industrial sewing machines, sales to China and other Asian regions recovered, backed by the recovery of business sentiment toward capital expenditure in the sewing industry.
- ✓ Operating income, despite a boost-up by yen depreciation, decreased compared with the previous year, due to a sales decrease in Machine tools, increased capital expenditure (depreciation) associated with the production enhancement of Communications & Printing equipment, and an increase in SG&A.

◆ Forecast for FY2013

- ✓ The outlook for the full year 2013 consolidated financial results is that sales, due to the effect of yen depreciation, are expected to significantly increase compared with the same period the previous year. Despite negative factors, such as an increase in SG&A and an increase in fixed costs including R&D and depreciation costs, operating income is expected to increase, supported by the effect of yen depreciation.

Results for first half of FY2013(ending March 31,2014)



(100 Millions of Yen)

	Six months ended Sep. 30, 2013			
	1H 3/2014 [Actual]	1H 3/2013 [Actual]	Change	Rate of Change (w/o forex impact)
Net Sales	2,884	2,445	438	17.9% (+1.3%)
Operating Income	194	196	-3	-1.3%
Operating Income Ratio	6.7%	8.0%	-1.3%	
Non-operating Income (Loss)	-40	4	-45	
Current Profits	153	200	-47	-23.5%
Extraordinary Income (Loss)	-3	-7	4	
Income Taxes	86	45	41	
Net Income	64	148	-84	-56.6%

(Yen)

Exchange Rates	USD	97.99	79.43	18.56
	EUR	128.79	101.12	27.67

- Net Sales increased due to the positive effect of forex and a steady sales increase in communications & printing equipment.
- Despite the positive effect of forex, Operating Income decreased due to a sales decrease in the Machinery & Solution business and an increase in selling and general administrative expenses.

◆〈P&S〉

Continue to expand sales in business segment, and launch new Black&White laser printer specialized for the needs to expand sales in the emerging countries.

◆〈S&S〉

Expand sales by enhancing the competitiveness of our products by building new service infrastructures.

◆〈P&H〉

Expand customer base with products which offer new value, and achieve low cost of manufacturing at Vietnam factory to further strengthen competitiveness.

◆〈M&S〉

Introduce competitive products, enhance sales force in Asian market and strengthen corporate financial stability by cost reduction.

◆〈N&C〉

Secure profit stably by enhancing product/service of Karaoke business through improving operation process, as well as develop new opportunities, such as business in the health industry.

◆〈Industrial parts〉

Promote business synergy with Nissei Corporation at an early stage.

Progress in Printing & Solutions

- Launched new Black&White laser printer specialized for the needs of the emerging markets



HL-1110



DCP-1510



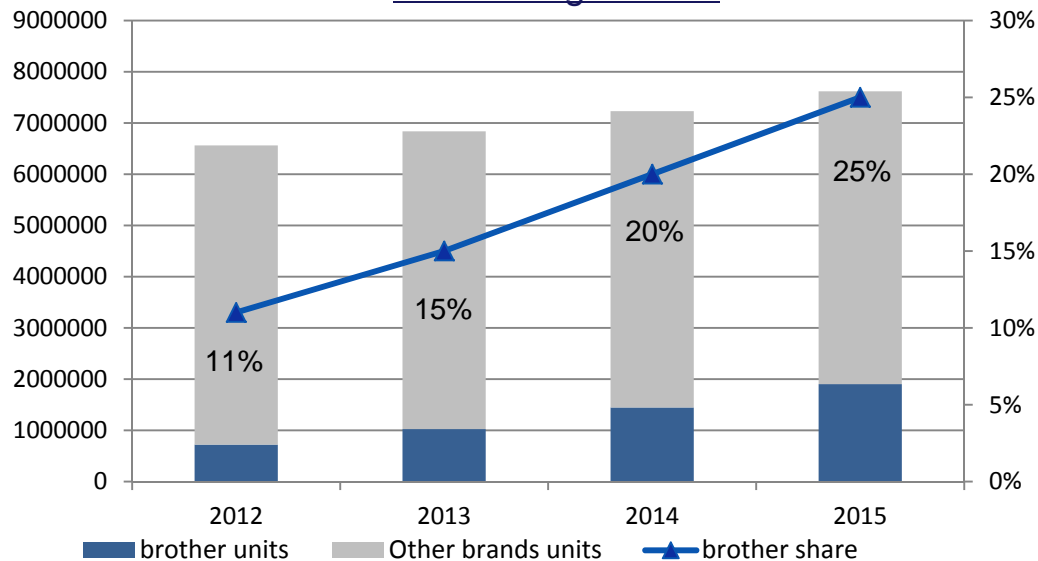
MFC-1810



MFC-1815

- 1 Affordable pricing (machines and consumables)
- 2 Hassle-free Printing Technology prevents paper jam
- 3 High durability enables long-term use
- 4 Cost reduction achieved by production in Vietnam

Asia monochrome laser market size(Qty) & brother target share



➤ Competitive new products launched to strengthen sales force in Asian markets

<Industrial sewing machines>

Strategic lock stitcher launched



S-7000DD

- 1 Clean sewing without oil staining achieved
- 2 Upper-model-sewing-quality achieved
- 3 Price competitiveness achieved by strengthening cost reduction

<Machine tools>

Compact machining center and compact multi-tasking machine launched to achieve significant improvement of production efficiency



Compact machining center
SPEEDIO S500X1

- 1 Dramatic improvement of productivity
- 2 Equipped new NC unit that advances usability
- 3 High environmental performance achieved by energy saving functions actively adopted



compact multi-tasking machine
SPEEDIO M140X1

- 1 Turning and machining integrated multi-tasking processes offer high productivity
- 2 Equipped new NC unit that advances usability
- 3 High environmental performance achieved by energy saving functions actively adopted

● Service & Solutions business

< strategy >

Pursue sales expansion through strengthening product capabilities and expanding service foundation

Desktop Color Scanner
ADS-2500W



New!



Portable Scanner
ADS-1500W

Mobile Scanner
MDS-700D



Web conference system
Omnijoin

● Personal & Home business

< strategy >

Expand sales of mid-to high-end lineups and increase marketing in emerging countries



Innov-is V7



JS-20

● Network & Contents business

< strategy >

Strengthen competitiveness of karaoke shop business

- ✓ Media Create Co., Ltd. Takeover Bid concluded by Xing
- ✓ Promotion measures implemented to strengthen directly-managed shops

● Industrial Parts business

< strategy >

Promote business synergy with Nissei Corporation at an early stage.

- ✓ Consideration of collaborative expansion in the new business domain
- ✓ Strategy planning to expand overseas sales of Nissei Corp. products

Forecast for FY2013(ending March 31,2014)



(100 Millions of Yen)

	3/2014 [Forecast] (A)	3/2013 [Actual] (B)	Change (A - B)	Rate of Change (w/o forex impact) (A/B - 1)	3/2014 [Previous Forecast] (C)	Change (A - C)
Net Sales	6,000	5,161	839	16.3% (+3.5%)	5,850	150
Operating Income	350	298	52	17.5%	350	0
Operating Income Ratio	5.8%	5.8%	0.1%		6.0%	-0.1%
Non-operating Income (Loss)	-55	-66	11		-30	-25
Current Profits	295	231	64	27.5%	320	-25
Extraordinary Income (Loss)	-5	48	-53		-15	10
Income Taxes	125	101	24		120	5
Net Income	165	178	-13	-7.4%	185	-20

(Yen)

Exchange Rates	USD	96.77	83.23	92.84
	EUR	127.45	107.57	122.78

- Sales are expected to increase due to the positive effect of forex and continuously steady sales of Communications & Printing equipment.
- Despite investments for future growth in the P&S business, operating income is expected to increase due to the large effect of yen depreciation.

Promoting growth strategy based on the Mid-Term Business Strategy

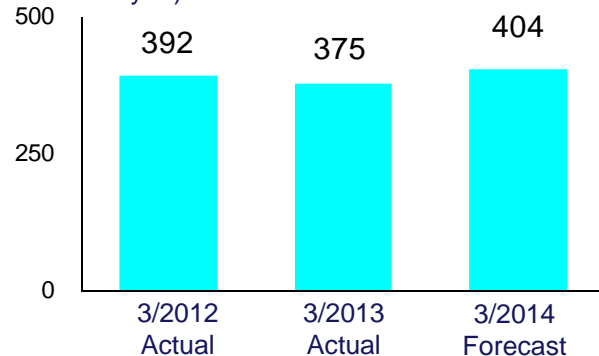
- ◆ 〈P&S〉 Expand sales of models to emerging countries Larger share in the LBP market by strengthening approach to corporate customers
- ◆ 〈P&H〉 Expand customer base with products which offer new value
- ◆ 〈Industrial sewing machines〉 Expand sales in emerging markets with high-value-added products
- ◆ 〈Machine tools〉 Expand sales to automobile-related customers by strengthening solutions
- ◆ 〈N&C〉 Maintain and expand the share in Online karaoke machines and strengthen the competitiveness of directly-managed karaoke shops
- ◆ 〈Industrial parts〉 Promote business synergy with Nissei Corporation at an early stage.

Promote and strengthen “R&D/Production” structure to support business growth and profit

- ◆ Aware of the right level of R&D investment and promote its efficiency
- ◆ Continue capital expenditure aiming for production automation and power saving

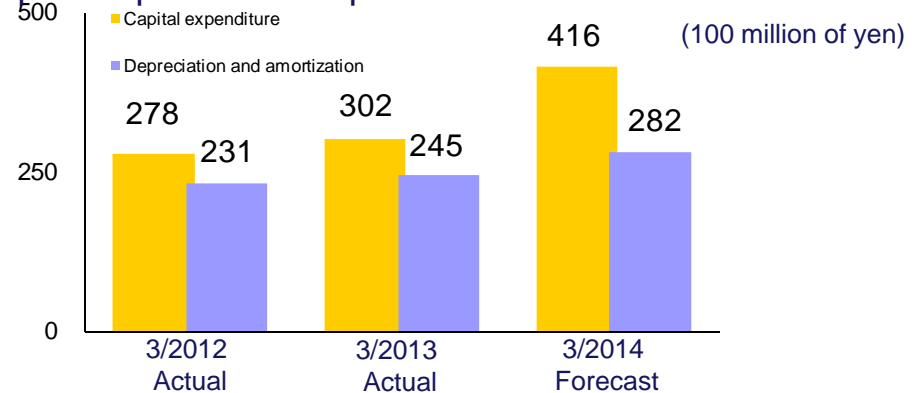
•R&D expenses

(100 Million of yen)



•Capital expenditure/Depreciation and amortization

(100 million of yen)

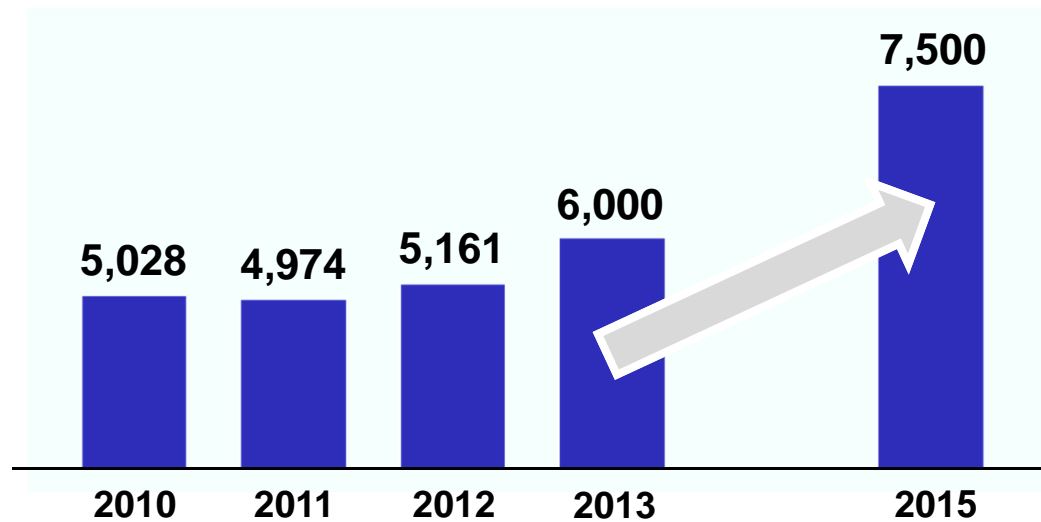


Basic policy of CS B2015 remains unchanged

FY 2015 Targets	
	(100 million yen)
Net Sales	7,500
Operating income	580
Operating Income Ratio	7.7%

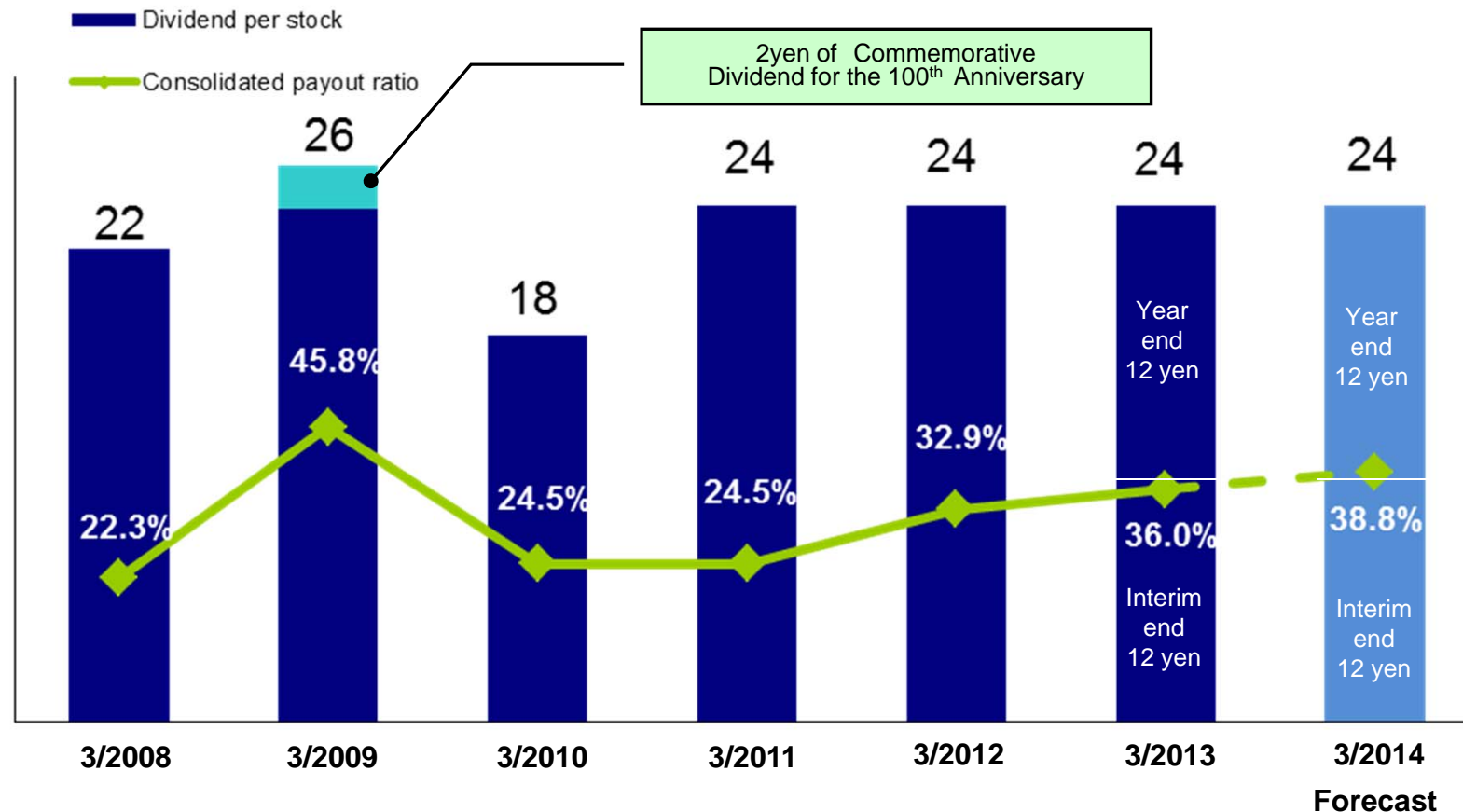
Grow in all business and all regions

- Development/expansion of new business/new product
- Expansion in emerging market
- Promote global business strategy
- Promote M&A and business alliance



Dividend and Payout ratio

- ✓ Basic policy remains unchanged with consolidated payout ratio of about 30%
Dividends forecast for 3/2014 are unchanged from 3/2013
- ✓ Brother Industries Ltd. acquires its treasury stock held by subsidiary (Nissei Corp.)
(upper limit of 4.2 billion yen) (Common shares 3,061,660 shares (upper limit), which accounts for 1.1 % of the total number of issued shares excluding treasury stock)



Details of Financial Results for First Half & Second Quarter

(ended September 30, 2013)

and Forecasts for FY2013

(ending March 31, 2014)

Consolidated Results for FY2013 (ending March 31, 2014) < FY2013 1H (6-month Results) >



(100 Millions of Yen)

	Six months ended Sep. 30, 2013			
	1H 3/2014 [Actual]	1H 3/2013 [Actual]	Change	Rate of Change (w/o forex impact)
Net Sales	2,884	2,445	438	17.9% (+1.3%)
Operating Income	194	196	-3	-1.3%
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(Yen)

Exchange Rates	USD	97.99	79.43	18.56
	EUR	128.79	101.12	27.67

- ✓ Net Sales increased due to the positive effect of forex and a steady sales increase in communications & printing equipment.
- ✓ Despite the positive effect of forex, Operating Income decreased due to a sales decrease in the Machinery & Solution business and an increase in selling and general administrative expenses.
- ✓ Current profits decreased due to the impact of foreign exchange losses.
- ✓ Quarterly Net Income significantly decreased due to decreased Current Profits and an increase in income taxes caused by tax effect accounting.

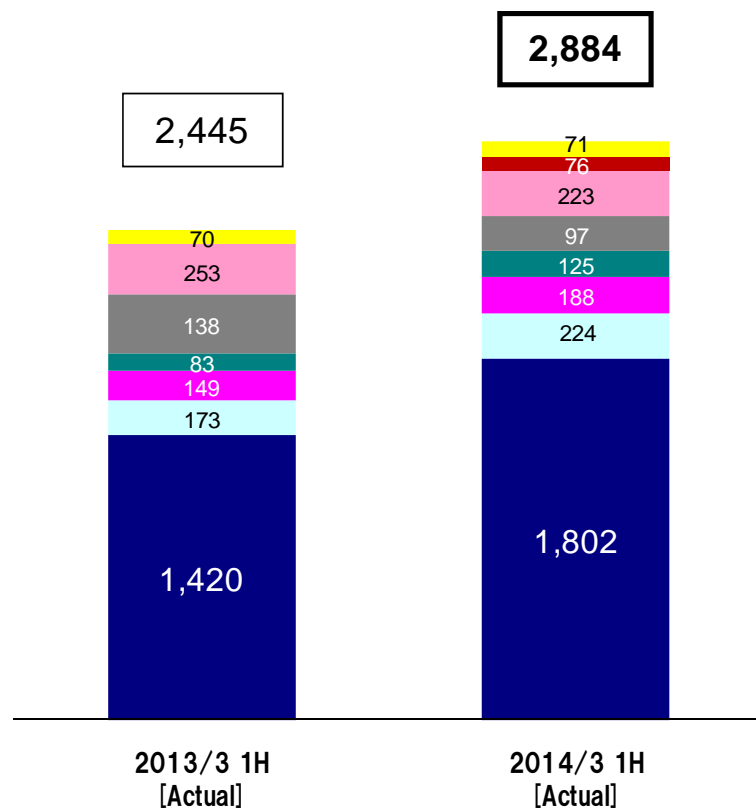
Consolidated Results for FY2013 1H (6-month Results)

Sales and Operating Income by Business Segment



Net Sales

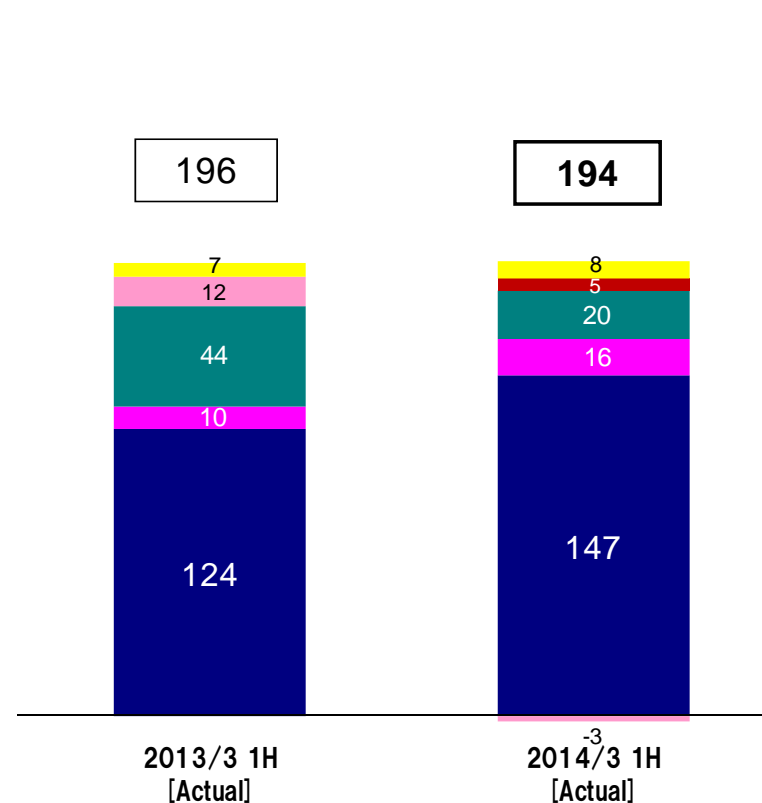
(100 Millions of Yen)



- Communications & Printing equipment
- Electronic stationery
- Home sewing machines
- Industrial sewing machines
- Machine tools
- Online karaoke, Contents distribution services
- Industrial Part
- Others

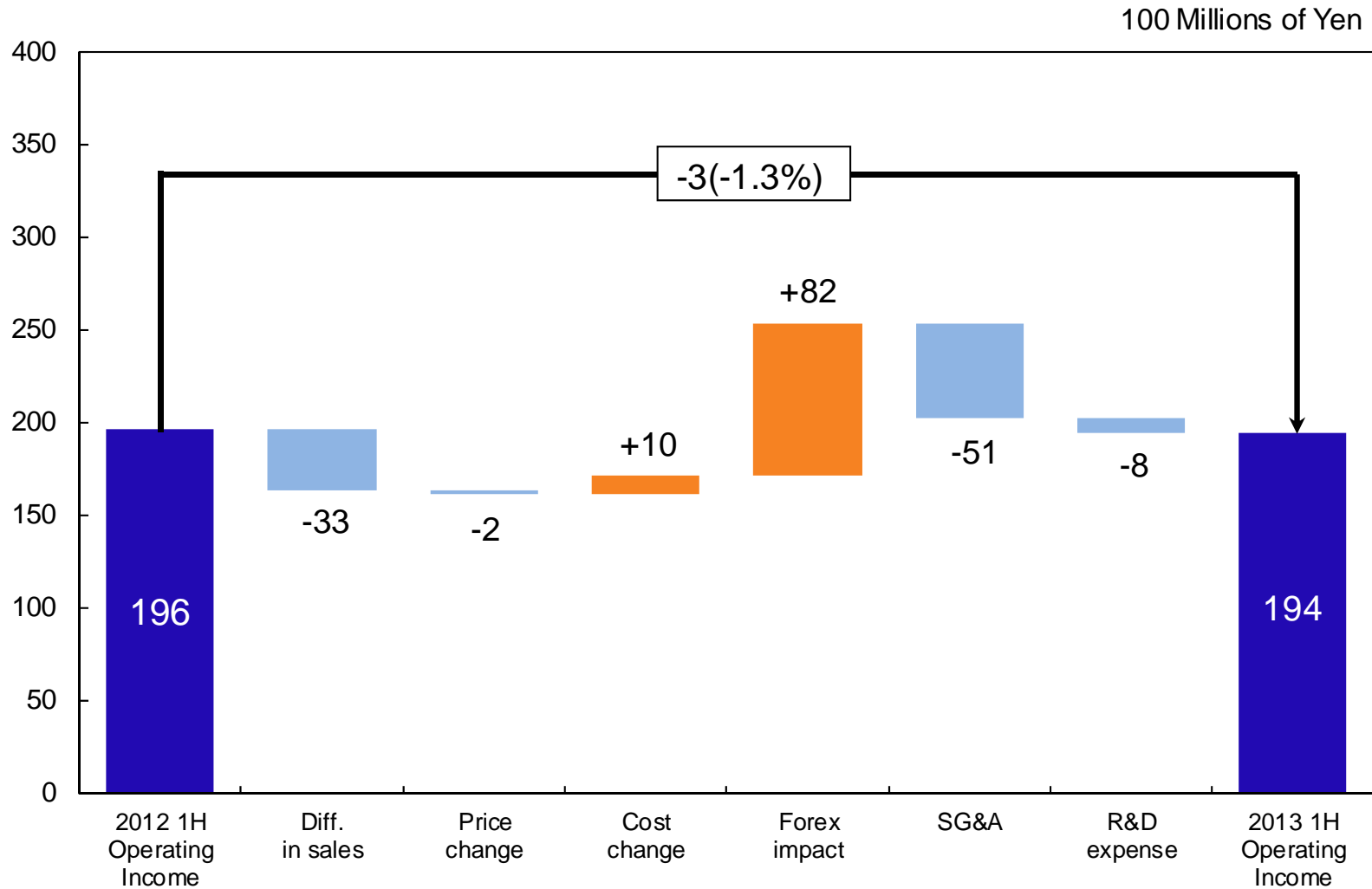
Operating Income

(100 Millions of Yen)



- Printing & Solutions
- Personal & Home
- Machinery & Solution
- Network & Contents
- Industrial Part
- Others

Main Factors for Changes in Operating Income < FY2013 1H (6-month Results) >



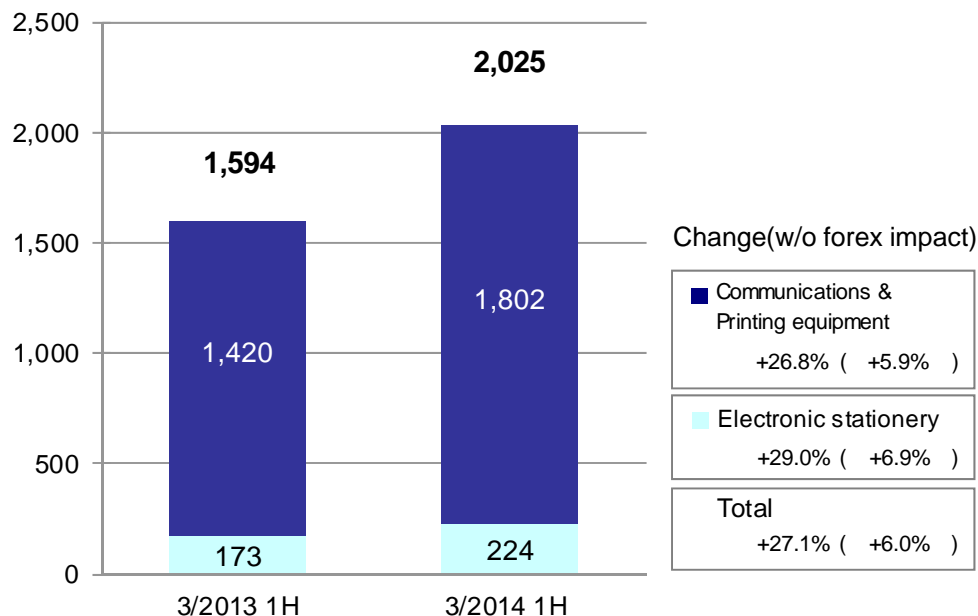
Printing & Solutions Sales & Operating Income

< FY2013 1H(6-month Results) >



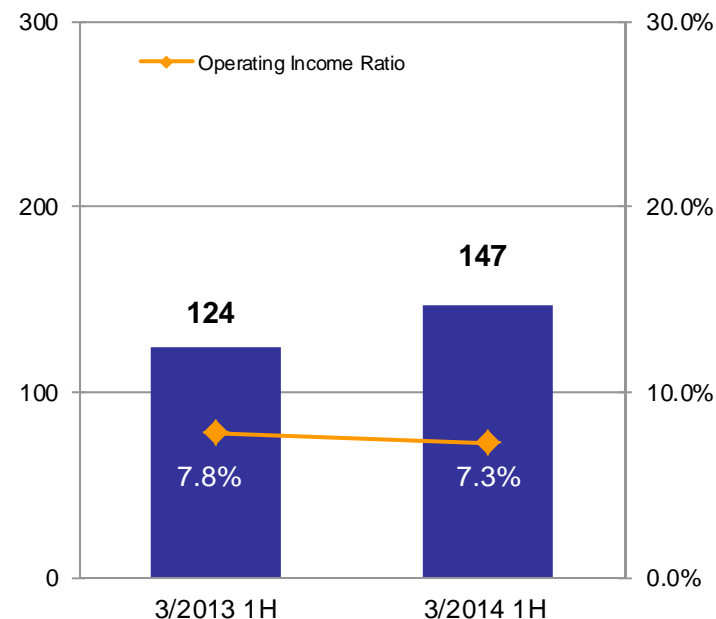
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Communications & Printing equipment

Geographical Sales(100 Millions of Yen)

	3/2013 1H	3/2014 1H	Change (w/o forex impact)
Americas	540	738	+36.6% (+11.9%)
Europe	464	569	+22.6% (-2.9%)
Asia & Others	199	258	+29.8% (+7.1%)
Japan	217	236	+8.8% (+8.8%)

Electronic stationery

Geographical Sales(100 Millions of Yen)

	3/2013 1H	3/2014 1H	Change (w/o forex impact)
Americas	83	107	+29.3% (+5.5%)
Europe	51	65	+26.5% (+0.0%)
Asia & Others	20	28	+38.2% (+12.9%)
Japan	19	24	+24.8% (+24.8%)

- ✓ Sales increased in each region due to the positive effect of forex. However, sales in Europe, due to sluggish demand, showed a year-to-year decrease on a local currency basis.
- ✓ Operating income, despite an increase in SG&A, increased due to the positive effect of forex.

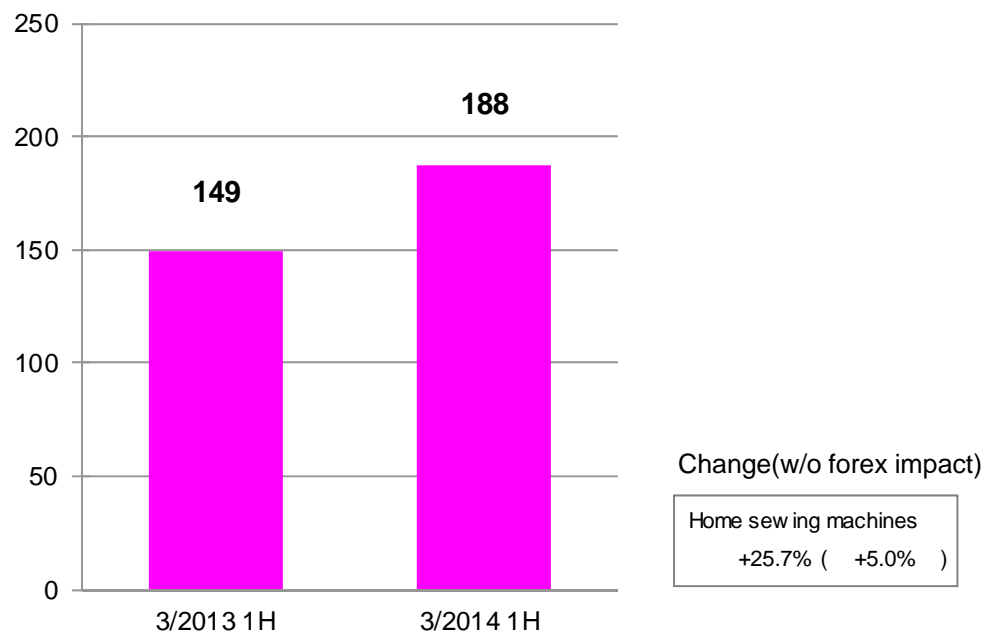
Personal & Home Sales & Operating Income

< FY2013 1H(6-month Results) >



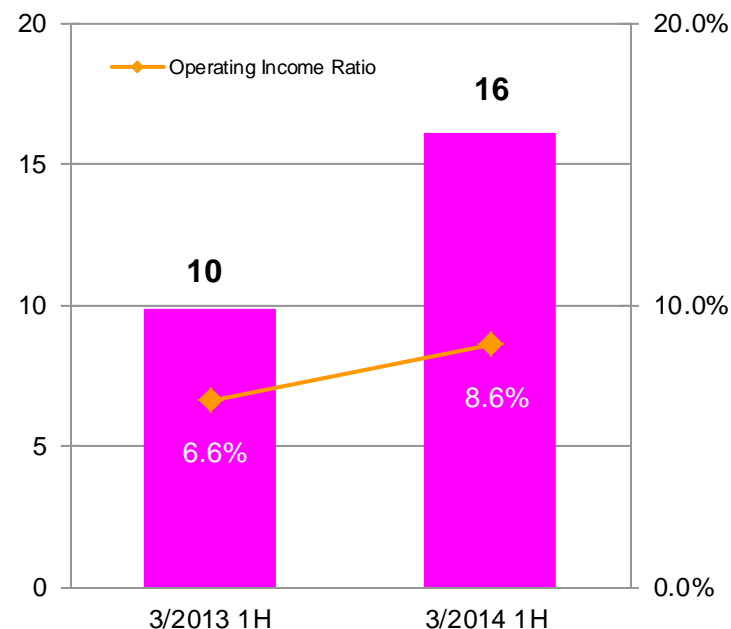
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Home sewing machines

Geographical Sales(100 Millions of Yen)

	3/2013 1H	3/2014 1H	Change (w/o forex impact)
Americas	73	99	+35.0% (+10.4%)
Europe	36	46	+30.2% (+1.8%)
Asia & Others	13	16	+24.3% (+2.7%)
Japan	27	26	-4.1% (-4.1%)

- ✓ Although demand in Europe was slightly weak, strong sales in Americas continued and became a driving force for sales increase.
- ✓ Operating income increased partly due to the positive effect of forex.

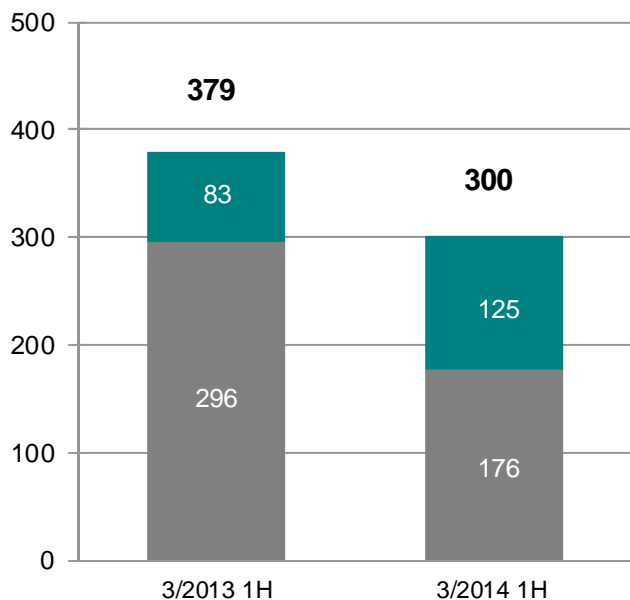
Machinery & Solution Sales & Operating Income

< FY2013 1H(6-month Results) >



Net Sales

(100 Millions of Yen)

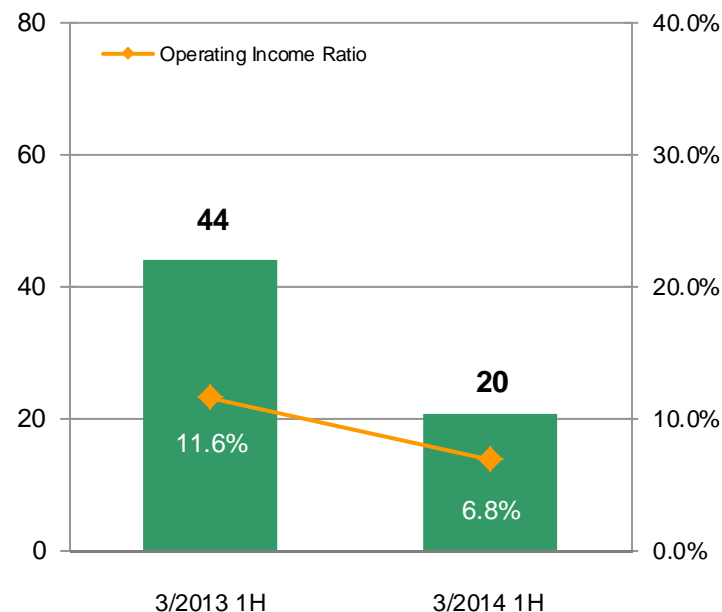


Change(w/o forex impact)

Industrial sewing machines	+49.8% (+20.5%)
Machine tools	-40.6% (-44.8%)
Total	-20.7% (-30.5%)

Operating Income

(100 Millions of Yen)



Industrial sewing machines

Geographical Sales(100 Millions of Yen)

	3/2013 1H	3/2014 1H	Change (w/o forex impact)
Americas	16	22	+36.4% (+10.6%)
Europe	13	17	+33.7% (+4.7%)
Asia & Others	51	82	+59.9% (+28.0%)
Japan	3	3	+16.1% (+16.1%)

Machine tools

Geographical Sales(100 Millions of Yen)

	3/2013 1H	3/2014 1H	Change
Americas	10	10	+4.2%
Europe	6	6	-2.1%
Asia & Others	253	142	-44.0%
Japan	27	18	-32.3%

- ✓ Sales of industrial sewing machines increased due to the recovery of demand in Asia.
- ✓ Sales of machine tools decreased due to a downturn in IT related demand.
- ✓ With decreased total sales, total operating income decreased.

*As machine tools are mostly exported to customers abroad directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

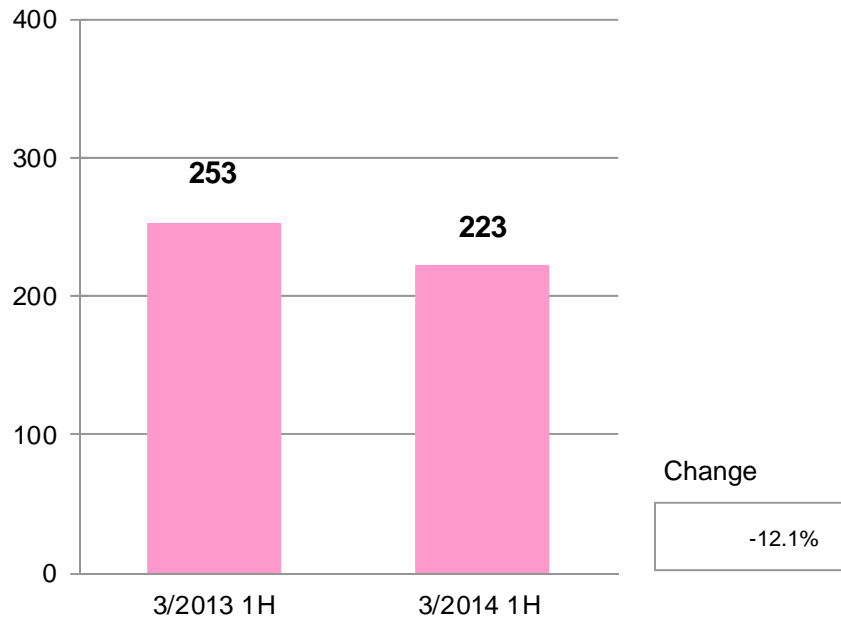
Network & Contents Sales & Operating Income

< FY2013 1H(6-month Results) >



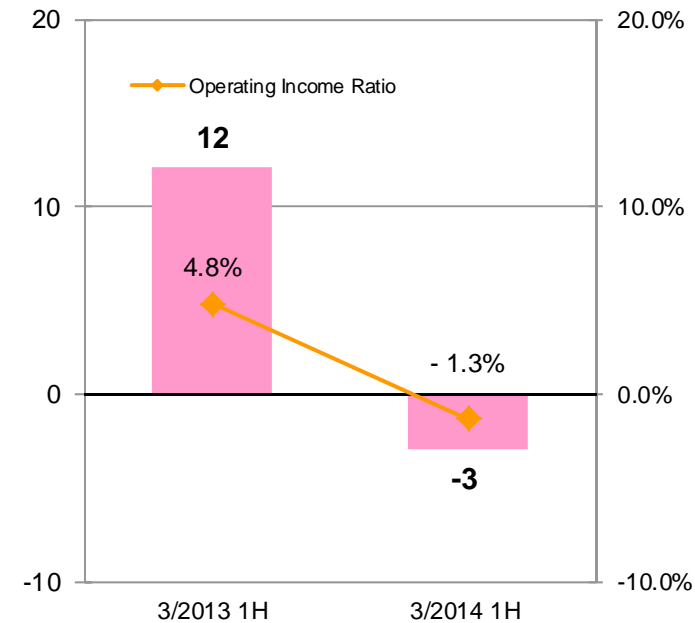
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



- ✓ Sales decreased due to a recoil reduction against new Karaoke machines launched in the previous year.
- ✓ Operating income fell into the red due to a sales decrease and an increase in SG&A including costs for remodeling directly-managed karaoke shops.

* Regional sales breakdown for “Network & Contents” is not referred here because the major part of sales are made in Japan.

Revised Forecast for FY 2013 (ending March 31, 2014)



(100 Millions of Yen)

	3/2014 [Forecast] (A)	3/2013 [Actual] (B)	Change (A - B)	Rate of Change (w/o forex impact) (A/B - 1)	3/2014 [Previous Forecast] (C)	Change (A - C)
Net Sales	6,000	5,161	839	16.3% (+3.5%)	5,850	150
Operating Income	350	298	52	17.5%	350	0
Operating Income Ratio	5.8%	5.8%	0.1%		6.0%	-0.1%
Non-operating Income (Loss)	-55	-66	11		-30	-25
Current Profits	295	231	64	27.5%	320	-25
Extraordinary Income (Loss)	-5	48	-53		-15	10
Income Taxes	125	101	24		120	5
Net Income	165	178	-13	-7.4%	185	-20

(Yen)

Exchange Rates	USD	96.77	83.23
	EUR	127.45	107.57

92.84
122.78

Changes from the previous forecast

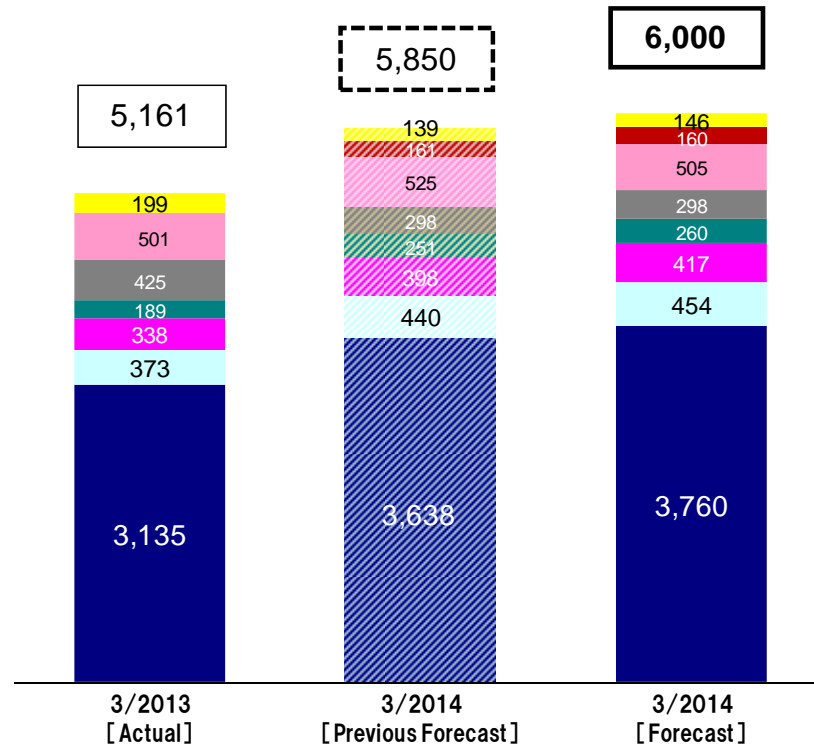
- Sales have been revised upward due to changes of the assumed exchange rates, although sales of Communications & Printing equipment in Europe have been revised downward.
- Operating income has remained unchanged, because, despite a positive effect from changes of the assumed rates in light of the yen's depreciation, the effect is offset by downwardly-revised outlooks for the Europe P&S and the N&C businesses.
- Current profits and Net income have been revised downward by factoring in foreign exchange losses associated with changes of the assumed rates in light of the yen's depreciation.

Consolidated Forecast for FY2013 (ending March 31, 2014) Sales and Operating Income by Business Segment



Net Sales

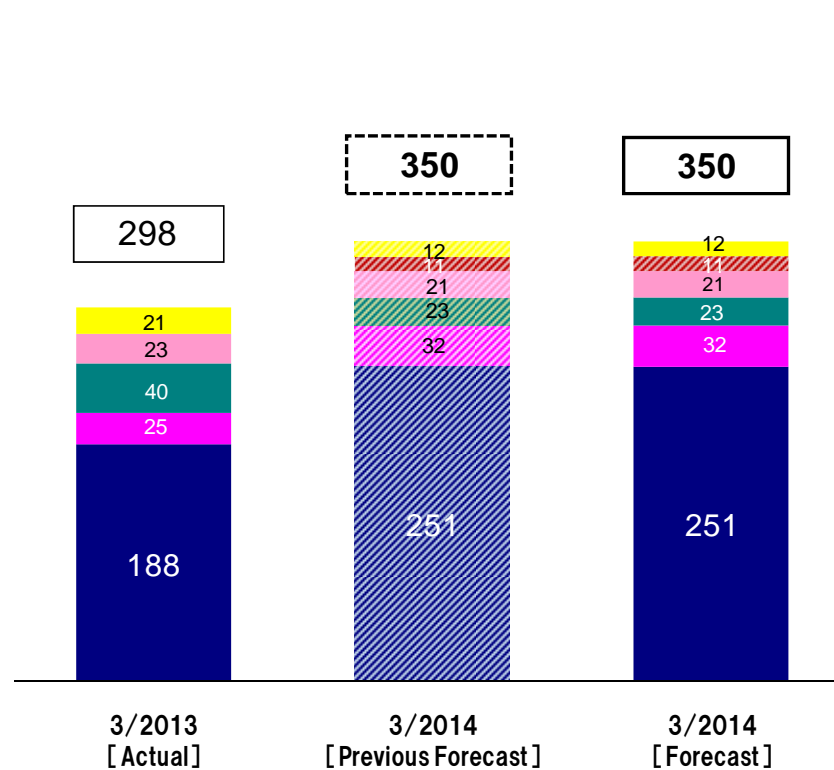
(100 Millions of Yen)



- Communications & Printing equipment
- Electronic stationery
- Home sewing machines
- Industrial sewing machines
- Machine tools
- Online karaoke, Contents distribution services
- Industrial Part
- Others

Operating Income

(100 Millions of Yen)



- Printing & Solutions
- Personal & Home
- Machinery & Solution
- Network & Contents
- Industrial Part
- Others

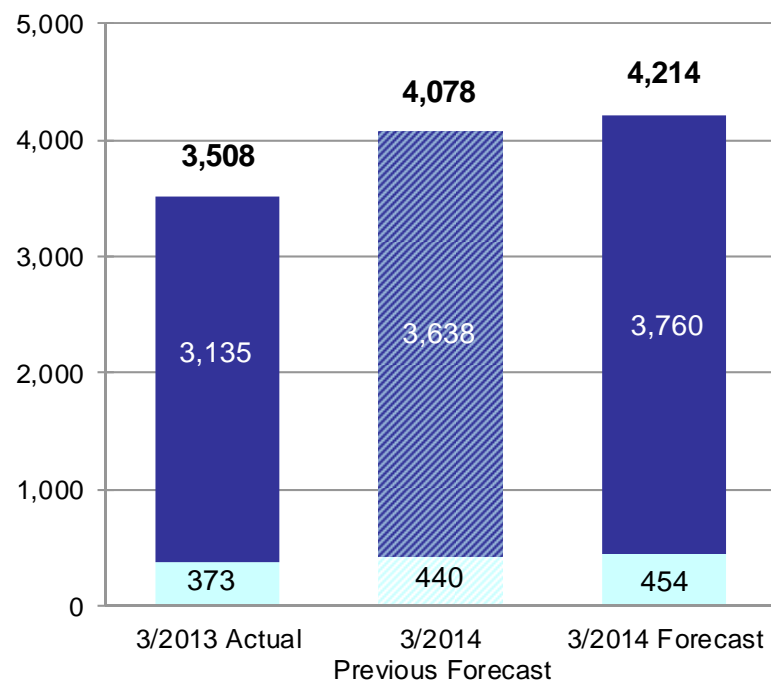
Printing & Solutions Sales & Operating Income

< Forecast for FY2013(ending March 31,2014) >



Net Sales

(100 Millions of Yen)

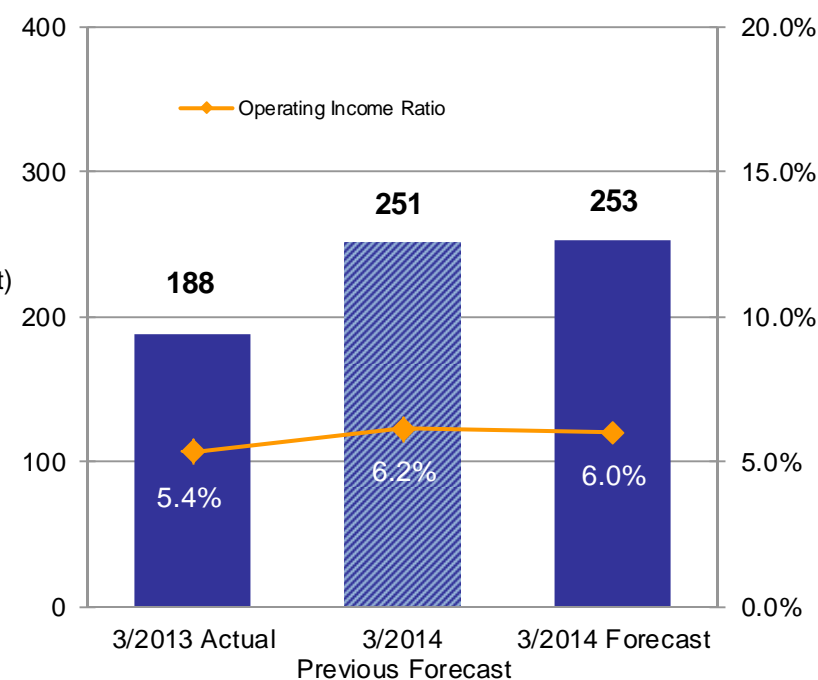


Change(w/o forex impact)

Communications & Printing equipment	+19.9% (+4.4%)
Electronic stationery	+21.6% (+6.2%)
Total	+20.1% (+4.6%)

Operating Income

(100 Millions of Yen)



Communications & Printing equipment

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Previous Forecast	3/2014 Forecast	Change (w/o forex impact)
Americas	1,193	1,398	1,506	+26.2% (+6.1%)
Europe	1,081	1,243	1,251	+15.7% (-1.5%)
Asia & Others	406	492	506	+24.7% (+9.6%)
Japan	454	505	497	+9.4% (+9.4%)

Electronic stationery

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Previous Forecast	3/2014 Forecast	Change (w/o forex impact)
Americas	176	206	212	+20.8% (+4.0%)
Europe	114	136	139	+22.3% (+3.7%)
Asia & Others	43	53	55	+28.0% (+11.6%)
Japan	41	45	48	+16.5% (+16.5%)

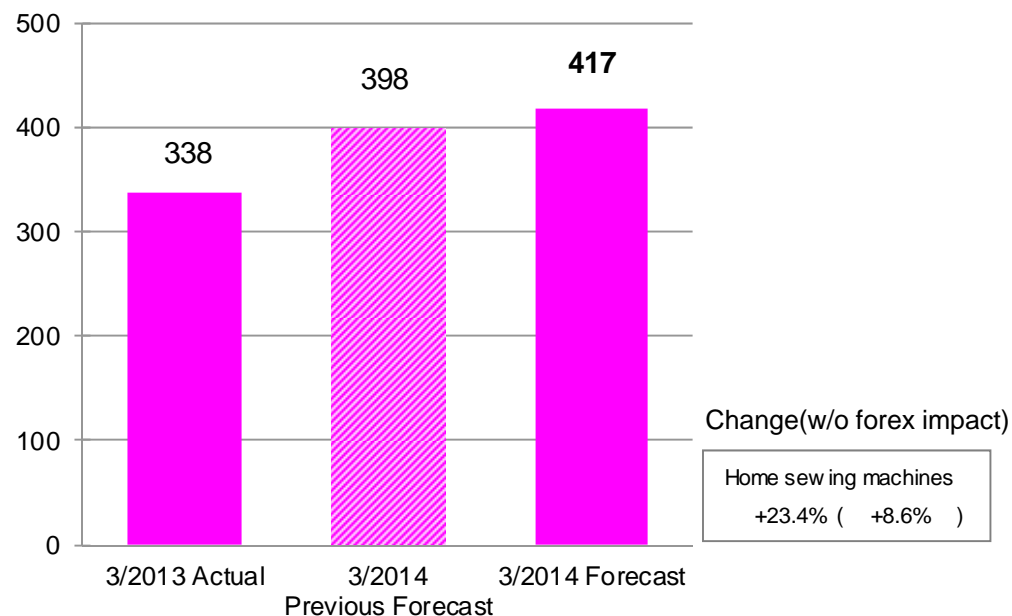
Personal & Home Sales & Operating Income

< Forecast for FY2013(ending March 31,2014) >



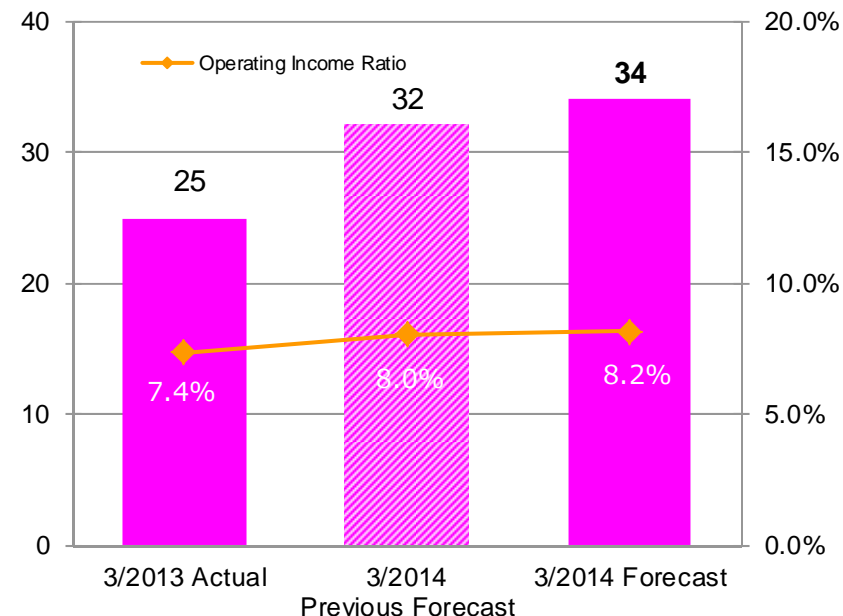
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Home sewing machines

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Previous Forecast	3/2014 Forecast	Change (w/o forex impact)
Americas	174	205	222	+27.6% (+10.2%)
Europe	78	91	96	+23.5% (+3.8%)
Asia & Others	28	35	36	+29.9% (+14.7%)
Japan	59	67	63	+7.4% (+7.4%)

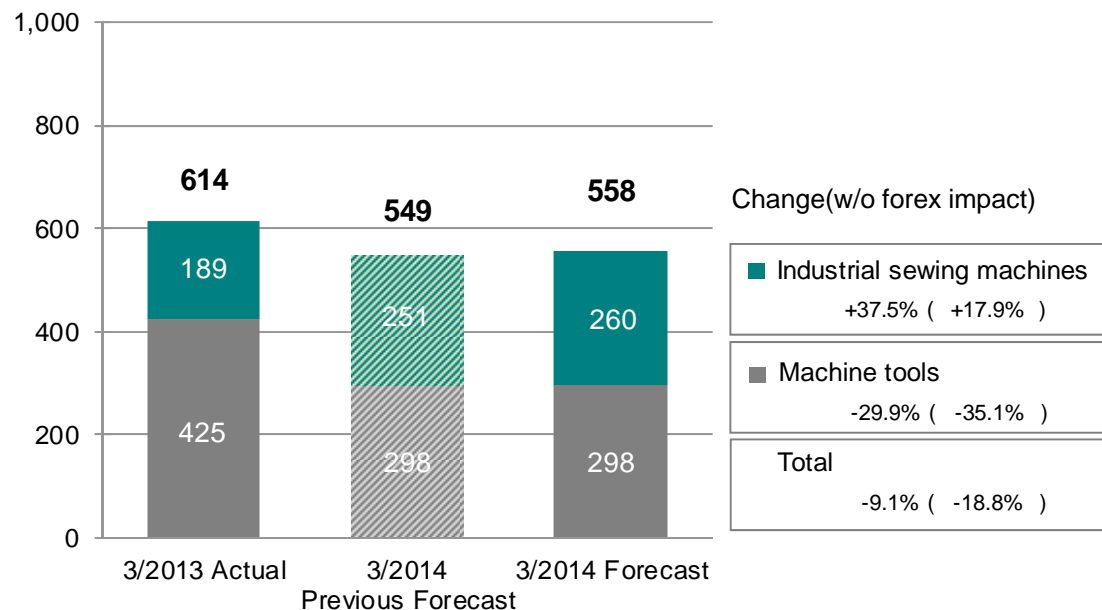
Machinery & Solution Sales & Operating Income

< Forecast for FY2013(ending March 31,2014) >



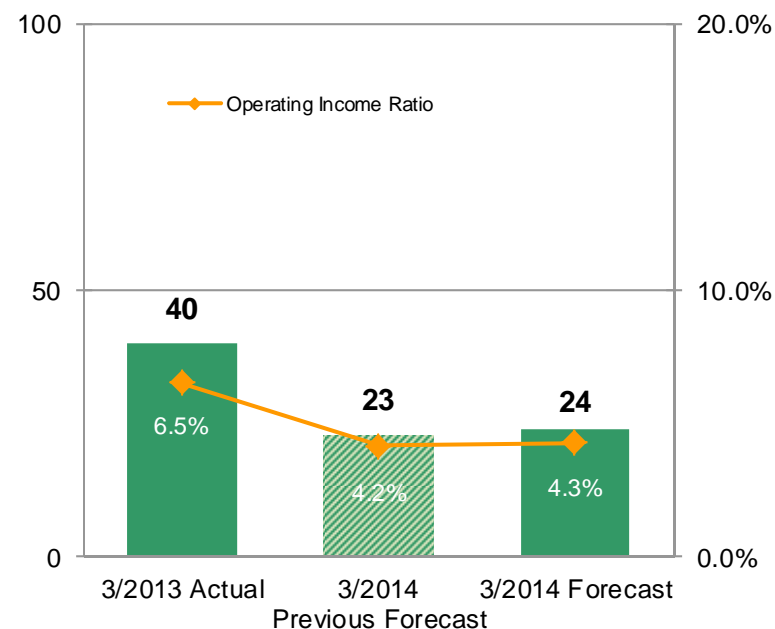
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Industrial sewing machines

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Previous Forecast	3/2014 Forecast	Change (w/o forex impact)
Americas	36	42	43	+18.7% (+2.2%)
Europe	30	39	38	+27.1% (+7.3%)
Asia & Others	117	166	174	+48.1% (+26.7%)
Japan	5	4	5	-9.1% (-9.1%)

Machine tools

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Previous Forecast	3/2014 Forecast	Change
Americas	20	18	20	-0.5%
Europe	11	13	13	+15.2%
Asia & Others	348	232	228	-34.4%
Japan	46	35	37	-19.7%

*As machine tools are mostly exported to customers abroad directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

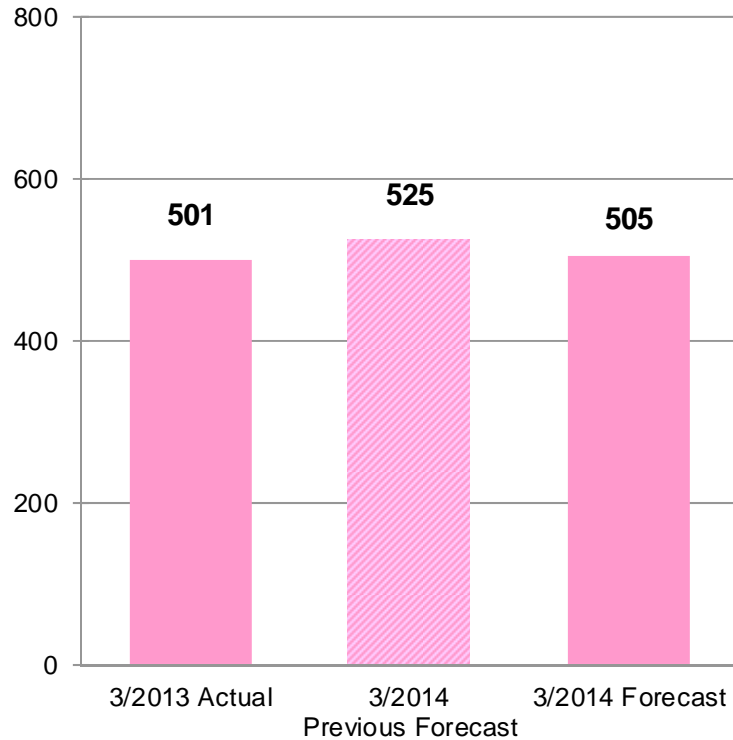
Network & Contents Sales & Operating Income

< Forecast for FY2013(ending March 31,2014) >



Net Sales

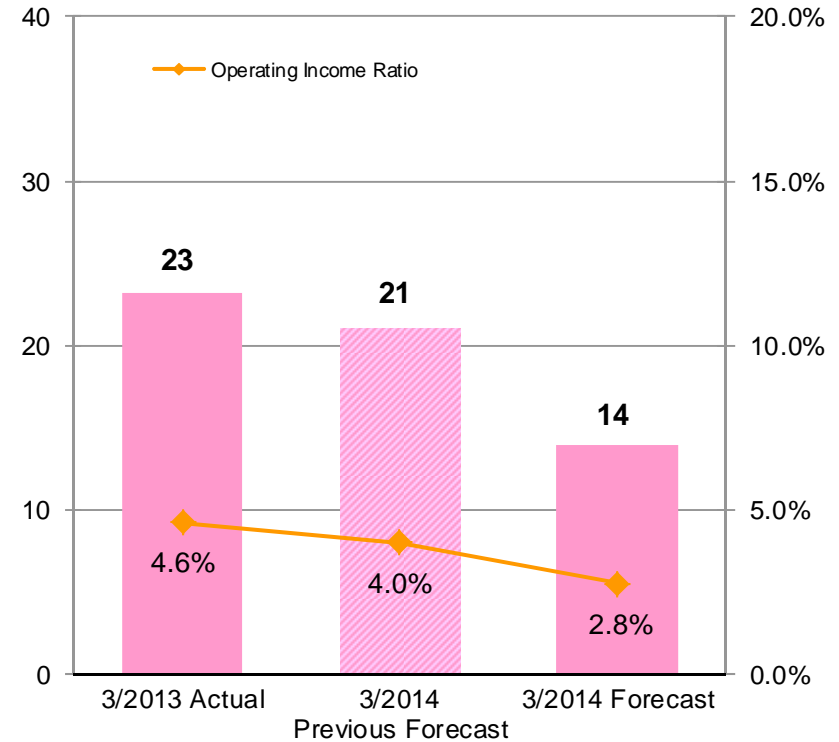
(100 Millions of Yen)



Change
+0.8%

Operating Income

(100 Millions of Yen)



* Regional sales breakdown for “Network & Contents” is not referred here because the major part of sales are made in Japan.

Consolidated Results for FY2013(ending March 31,2014) < FY2013 Q2(3-month Results) >



(100 Millions of Yen)

	[Reference data]			
	Three months ended Sep. 30, 2013			
	Q2 3/2014 [Actual]	Q2 3/2013 [Actual]	Change	Rate of Change (w/o forex impact)
Net Sales	1,490	1,239	252	20.3% (+2.1%)
Operating Income	100	81	19	23.3%
Operating Income Ratio	6.7%	6.5%	0.2%	
Non-operating Income (Loss)	-5	-3	-2	
Current Profits	94	78	17	21.3%
Extraordinary Income (Loss)	-3	-4	0	
Income Taxes	40	29	11	
Net Income	51	45	6	12.3%

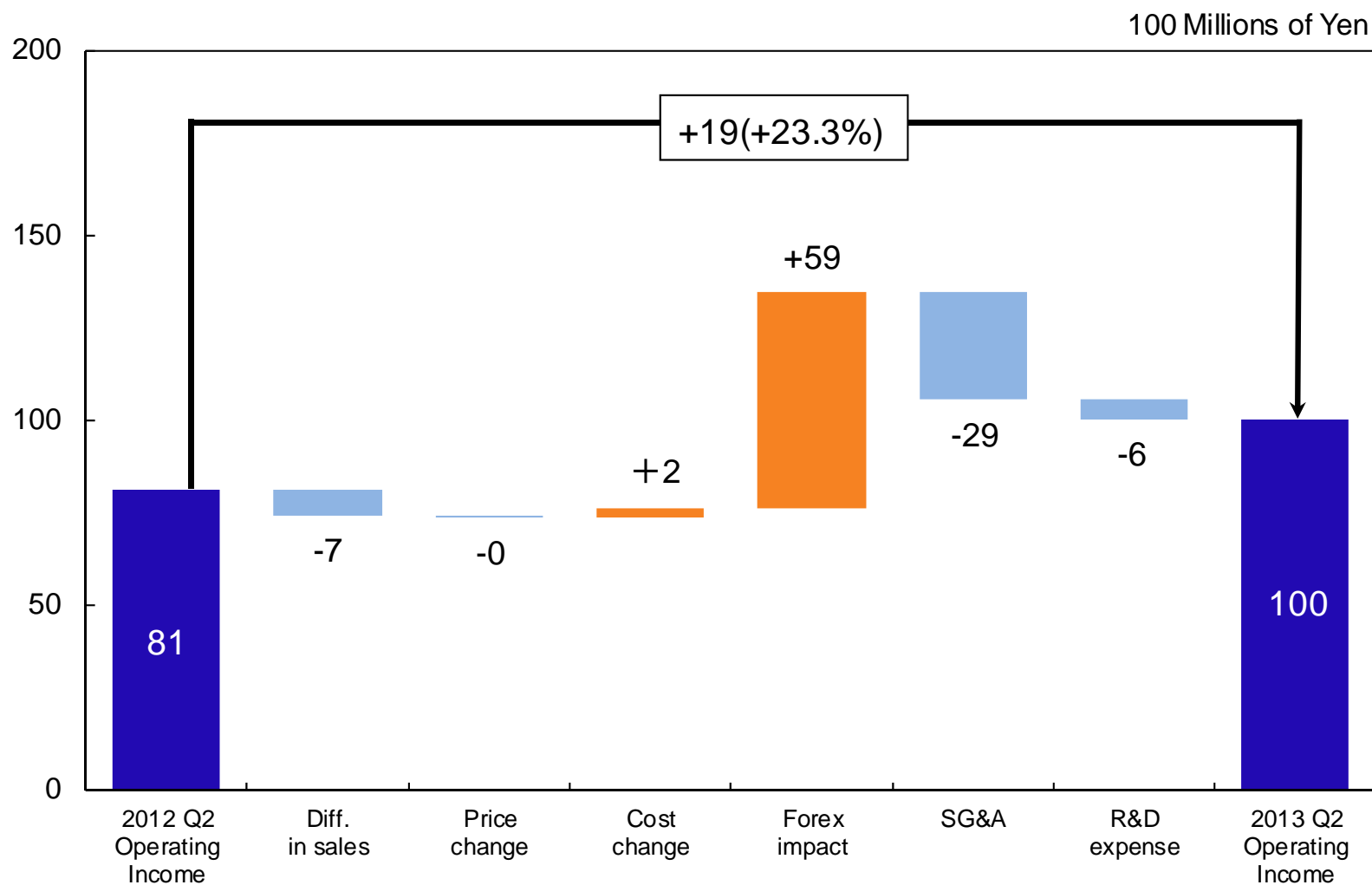
(Yen)

Exchange Rates	USD	98.20	78.42	19.78
	EUR	130.17	98.30	31.87

- ✓ Sales increased due to the positive effect of forex and continuously strong sales of Communications & Printing equipment, although sales of Machine tools and Online karaoke machines significantly decreased.
- ✓ Operating income increased due to the large positive effect of forex, despite negative factors including sales decreases of Machine tools and Online karaoke machines and an increase in SG&A.

Main Factors for Changes in Operating Income

< FY2013 Q2 (3-month Results) >



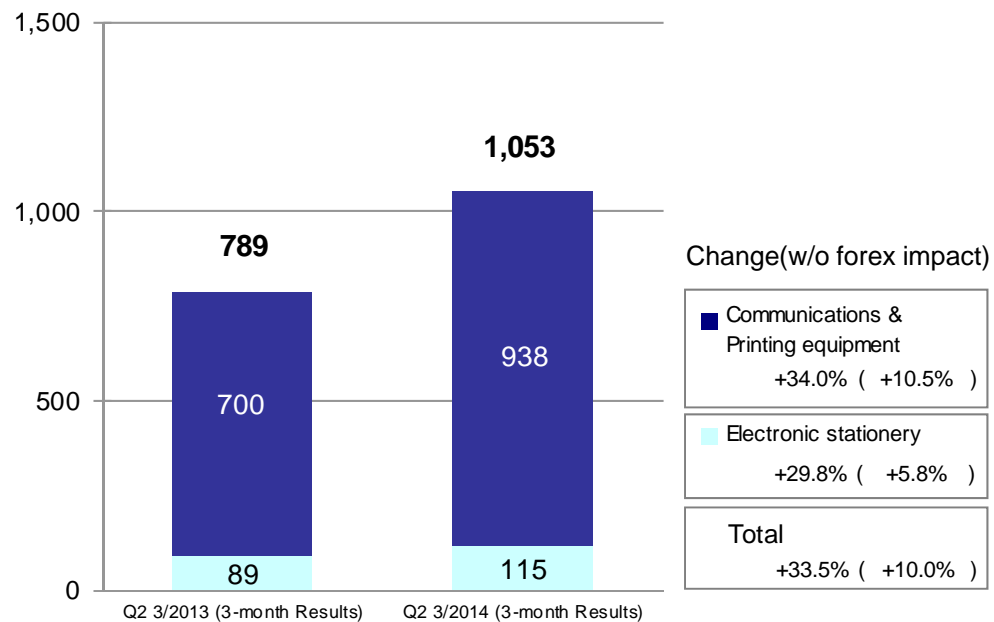
Printing & Solutions Sales & Operating Income

< FY2013 Q2(3-month Results) >



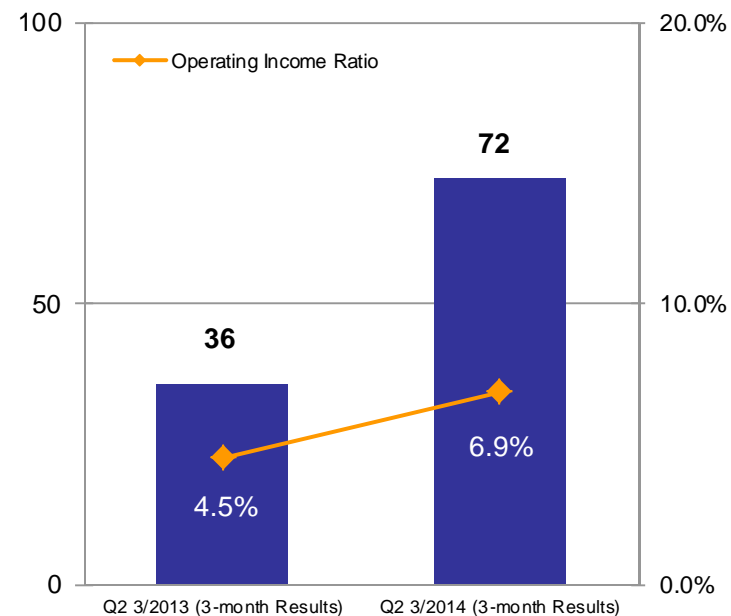
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Communications & Printing equipment

Geographical Sales(100 Millions of Yen)

	Q2 3/2013 (3-month Results)	Q2 3/2014 (3-month Results)	Change (w/o forex impact)
Americas	271	383	+41.4% (+14.5%)
Europe	221	295	33.3% (+2.2%)
Asia & Others	97	134	+38.7% (+14.9%)
Japan	111	126	+13.3% (+13.3%)

Electronic stationery

Geographical Sales(100 Millions of Yen)

	Q2 3/2013 (3-month Results)	Q2 3/2014 (3-month Results)	Change (w/o forex impact)
Americas	42	55	+32.5% (+6.9%)
Europe	26	34	+32.6% (+1.5%)
Asia & Others	10	13	+38.4% (+12.2%)
Japan	11	12	+5.7% (+5.7%)

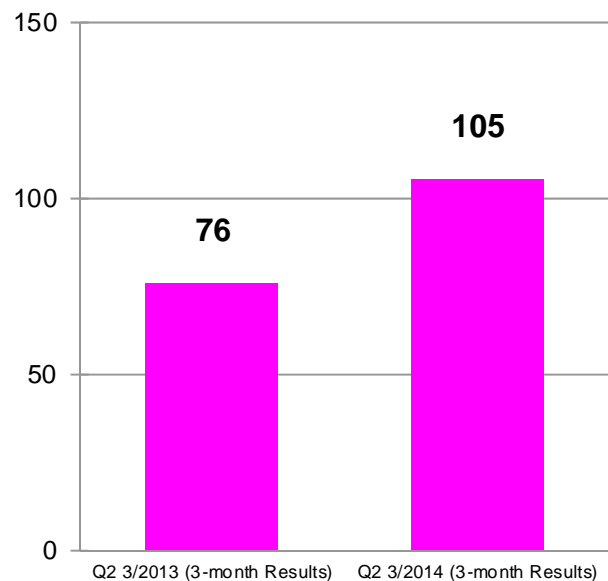
Personal & Home Sales & Operating Income

< FY2013 Q2(3-month Results) >



Net Sales

(100 Millions of Yen)

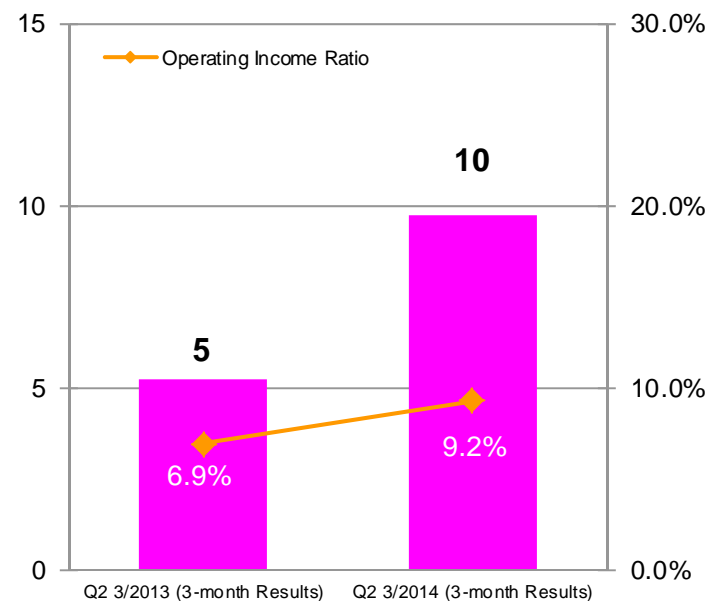


Change(w/o forex impact)

Home sewing machines
+38.7% (+14.0%)

Operating Income

(100 Millions of Yen)



Home sewing machines

Geographical Sales(100 Millions of Yen)

	Q2 3/2013 (3-month Results)	Q2 3/2014 (3-month Results)	Change (w/o forex impact)
Americas	39	59	+52.1% (+23.0%)
Europe	17	25	+45.8% (+10.1%)
Asia & Others	7	8	+26.2% (+5.0%)
Japan	13	13	-3.0% (-3.0%)

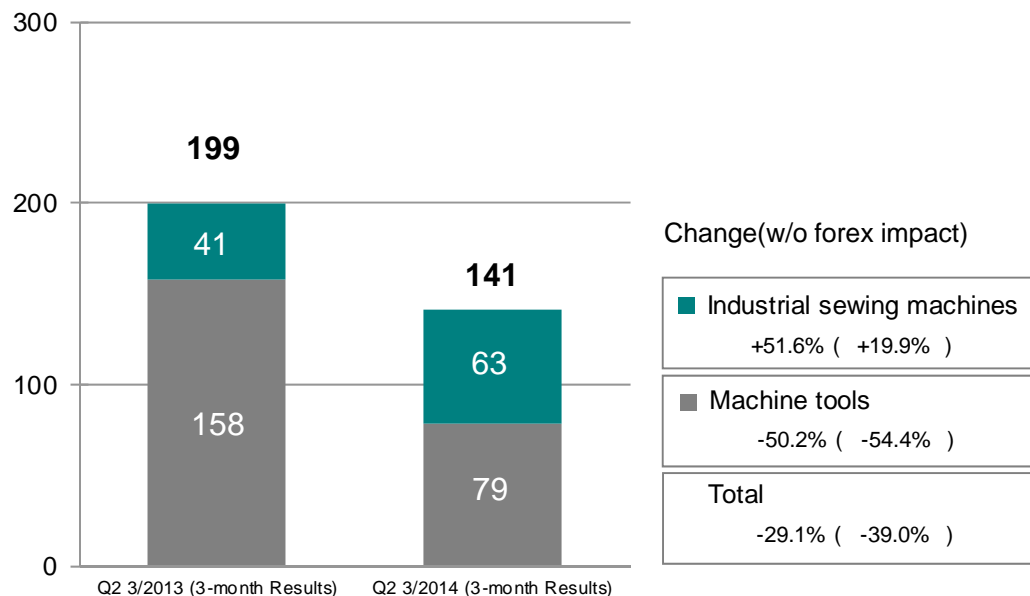
Machinery & Solution Sales & Operating Income

< FY2013 Q2(3-month Results) >



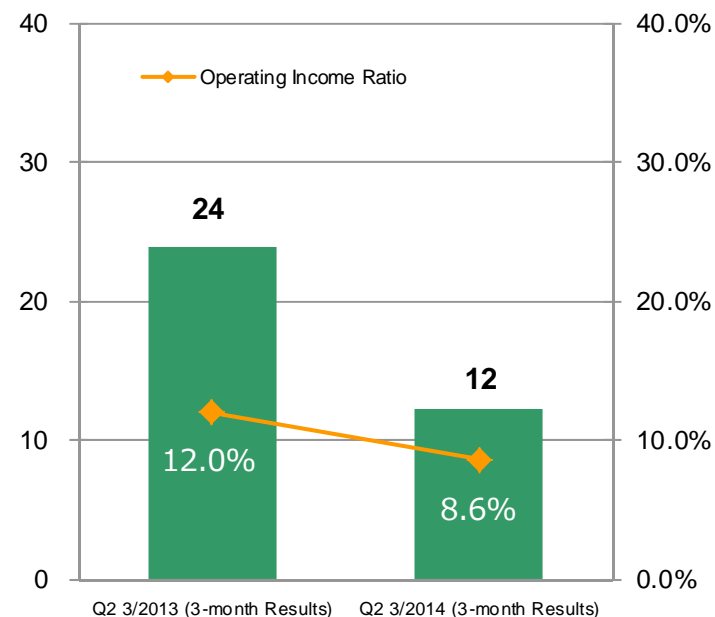
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



Industrial sewing machines

Geographical Sales(100 Millions of Yen)

	Q2 3/2013 (3-month Results)	Q2 3/2014 (3-month Results)	Change (w/o forex impact)
Americas	8	11	+43.9% (+15.1%)
Europe	6	9	+42.3% (+7.5%)
Asia & Others	26	41	+58.3% (+24.7%)
Japan	1	2	+12.0% (+12.0%)

Machine tools

Geographical Sales(100 Millions of Yen)

	Q2 3/2013 (3-month Results)	Q2 3/2014 (3-month Results)	Change (w/o forex impact)
Americas	4	5	+10.7%
Europe	2	3	+43.4%
Asia & Others	139	60	-56.8%
Japan	13	11	-15.5%

*As machine tools are mostly exported to customers abroad directly from Japan, sales are reported in 'Japan' segment regardless of destination of exports. Therefore, for the purpose of this material, the regional breakdown ratios of exports from Japan multiplied by total consolidated sales is shown here.

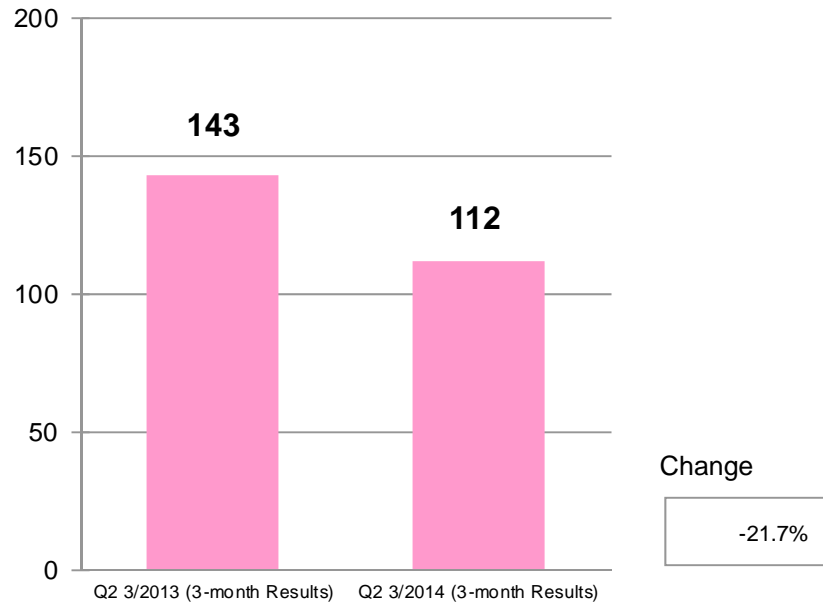
Network & Contents Sales & Operating Income

< FY2013 Q2(3-month Results) >



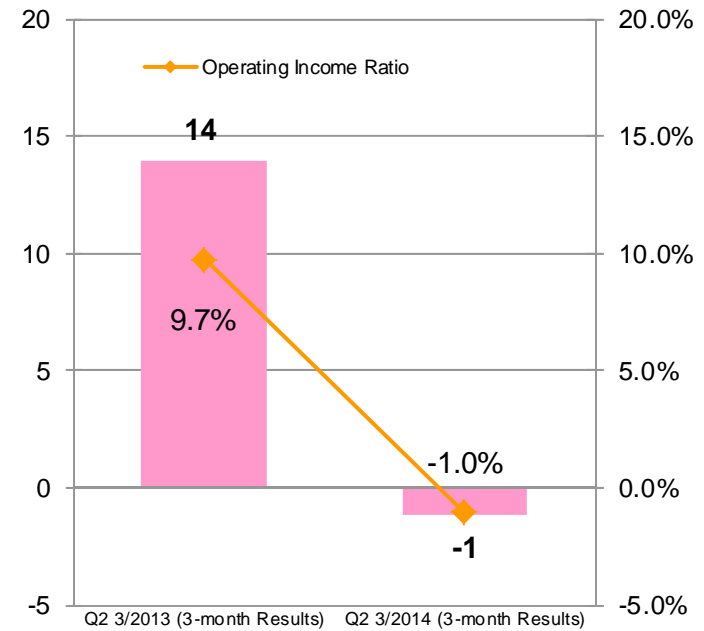
Net Sales

(100 Millions of Yen)



Operating Income

(100 Millions of Yen)



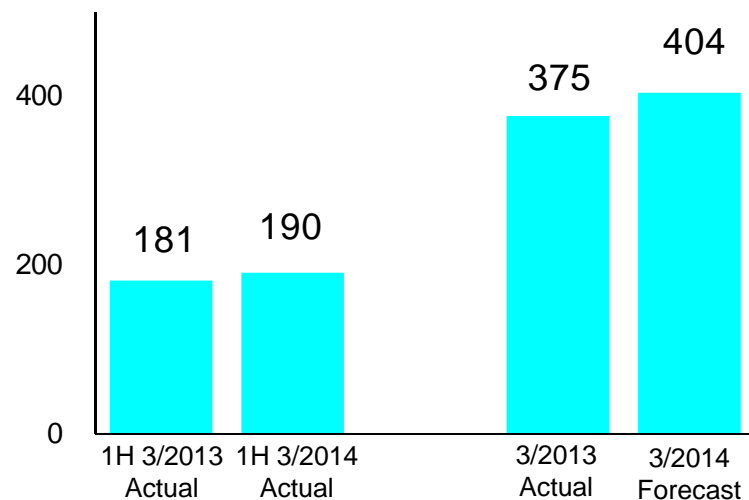
- Regional sales breakdown for “Network & Contents” is not referred here because majority of sales are made in Japan.

R&D expenses, Capital expenditure, Depreciation and amortization and Inventories



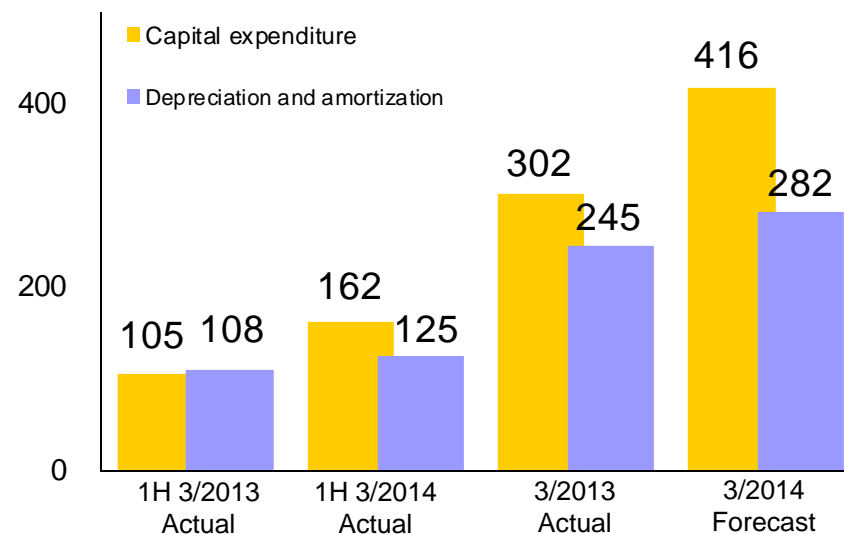
R&D expenses

(100 Millions of Yen)



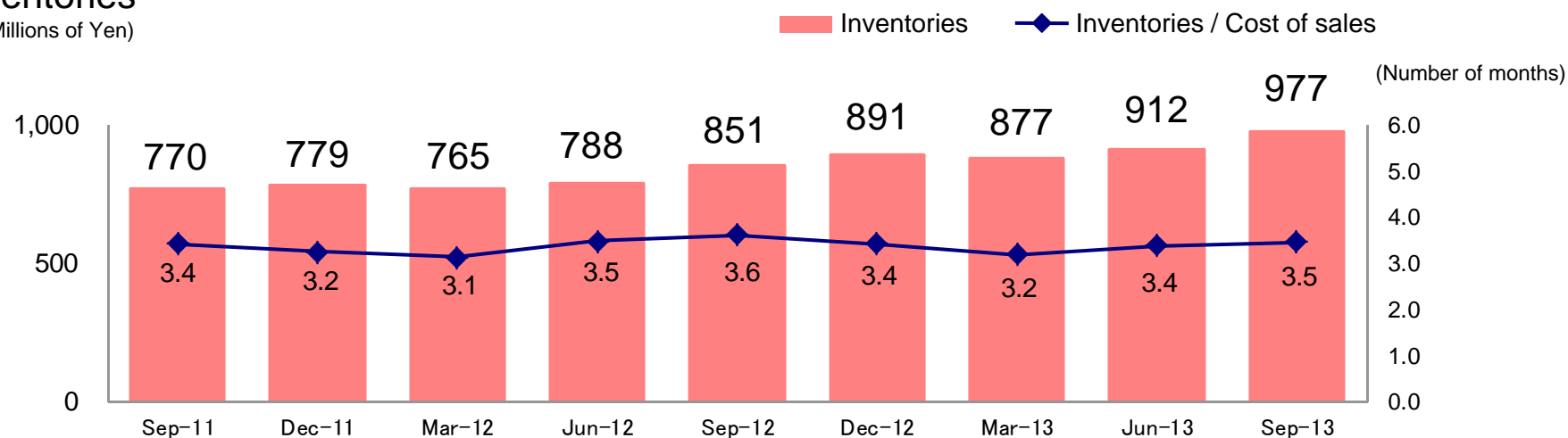
Capital expenditure and Depreciation and amortization

(100 Millions of Yen)



Inventories

(100 Millions of Yen)



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