

Fiscal Year 2015 (ending March 31, 2016)

First Half & Second Quarter Results
(ended September 30, 2015)

Brother Industries, Ltd.

November 2, 2015

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.

Consolidated Results for FY2015 (ending March 31, 2016)



< FY2015 1H & Q2 >

- ✓ Domino Printing Sciences plc (Domino) became a consolidated subsidiary at the end of Q1. Brother started disclosing Domino's performance as its Domino business segment in Q2.
- ✓ Although all businesses saw weak demand mainly in emerging markets due to severe economic environment, sales in existing businesses excluding the Domino business increased 3.1% on a local currency basis.
- ✓ Costs of acquiring Domino and additional provisions for product warranties decreased profits by 1.8 billion yen and 2.8 billion yen, respectively.

<100 Millions of Yen>

| | 151H | 141H | Rate of Change (w/o forex impact) | 15Q2 | 14Q2 | Rate of Change (w/o forex impact) |
|----------------------------------|-------|-------|--------------------------------------|------|------|--------------------------------------|
| Net Sales | 3,711 | 3,247 | 14.3% (+8.3%) | 1940 | 1642 | 18.1% (+12.4%) |
| Operating Income | 249 | 300 | -16.9% | 96 | 135 | -28.5% |
| Operating Income Ratio | 6.7% | 9.2% | | 0 | 0 | |
| Current Profits | 252 | 276 | -8.9% | 92 | 128 | -28.3% |
| Extraordinary Income(Loss) | 11 | 160 | | 13 | -2 | |
| Income Taxes | 126 | 65 | | 40 | 49 | |
| Income before minority interests | 136 | 372 | -63.3% | 65 | 78 | -16.2% |
| Net Income | 134 | 371 | -64.0% | 64 | 77 | -16.7% |

Exchange Rates

| | | | | |
|-----|--------|--------|--------|--------|
| USD | 121.50 | 103.51 | 121.91 | 104.35 |
| EUR | 134.60 | 139.07 | 136.00 | 137.94 |

<100 Millions of Yen>

Net Sales

■ 3,711 (+14.3%)

Increased due to the contribution of consolidated subsidiary Domino and the yen's depreciation against the US dollar.

Operating Income

■ 249 (-16.9%)

Decreased due to costs of acquiring Domino and additional provisions for product warranties.

Current Profits

■ 252 (-8.9%)

Non-operating income (losses) improved by 2.6 billion yen due to foreign exchange gains.

Income Before Tax

■ 263 (-39.9%)

Significantly decreased due to the lack of one-time items, such as a gain of 16.3 billion yen on the sales of property that arose in the prior year.

Net Income

■ 134 (-64.0%)

Significantly fell due to decreased pre-tax income and tax effect accounting.

<100 Millions of Yen>

P&S

■ Net Sales 2,360/ +8.3% (+1.9%)

Demand was stagnant in emerging markets, such as China, Latin America and Russia. LBP sales remained strong in Japan.

P&H

■ Net Sales 252/ +15.4% (+6.9%)

Sales in North America and Western Europe remained strong due to the launch of new mid-range models.

M&S

■ Net Sales 493/ +5.2% (-1.7%)

Entering Q2, orders of Machine tools weakened. Demand for Industrial sewing machines from the Chinese market remained steady.

N&C

■ Net Sales 271/ +20.4%

New online karaoke machines were launched. Teichiku Entertainment Inc. and its subsidiary became newly consolidated subsidiaries.

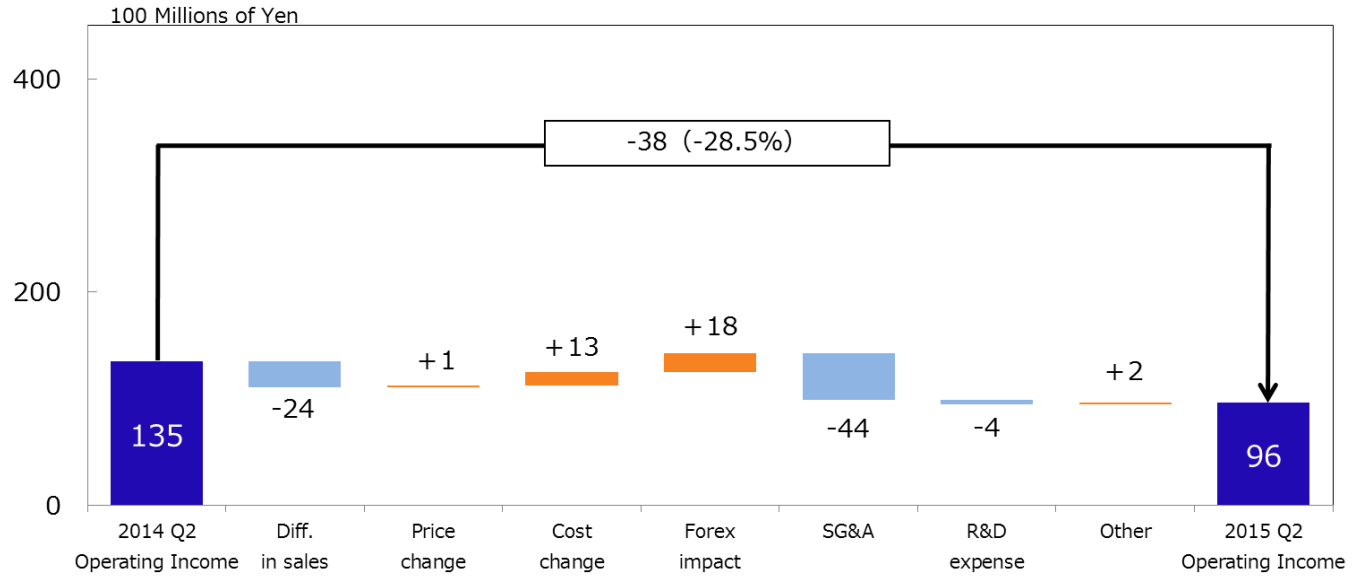
Industrial
Part

■ Net Sales 91/ +5.1% (+1.9%)

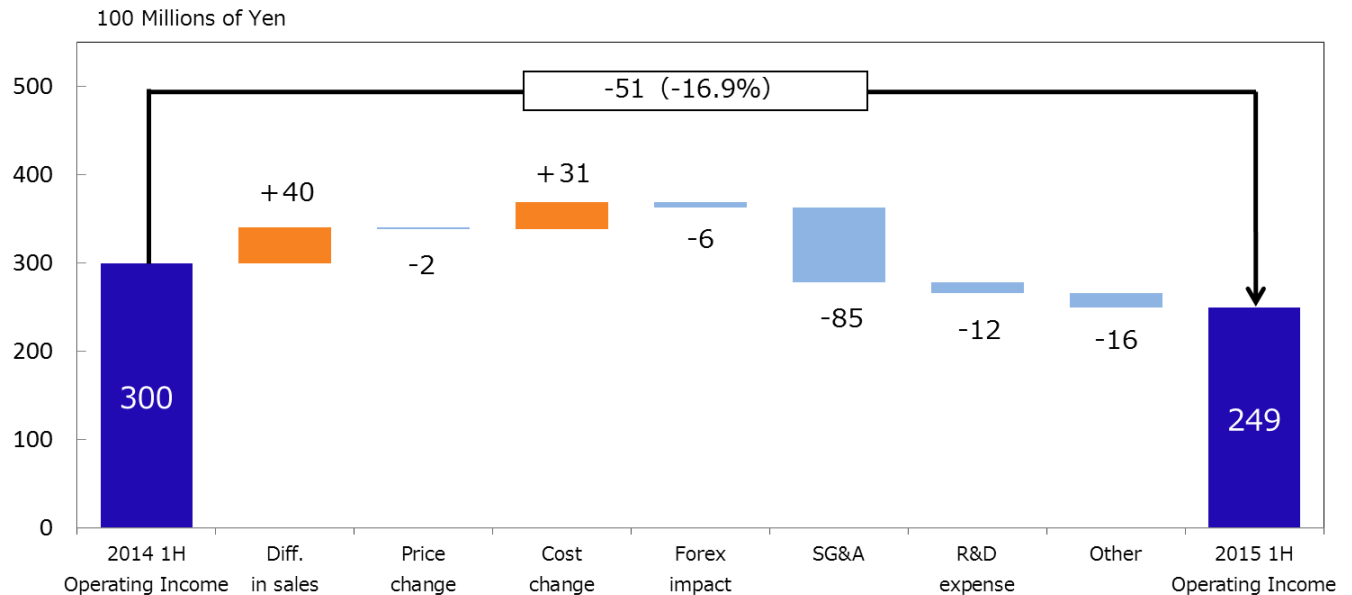
Steadily increasing sales in each region.

Main Factors for Changes in Operating Income

<Q2>



<1H>



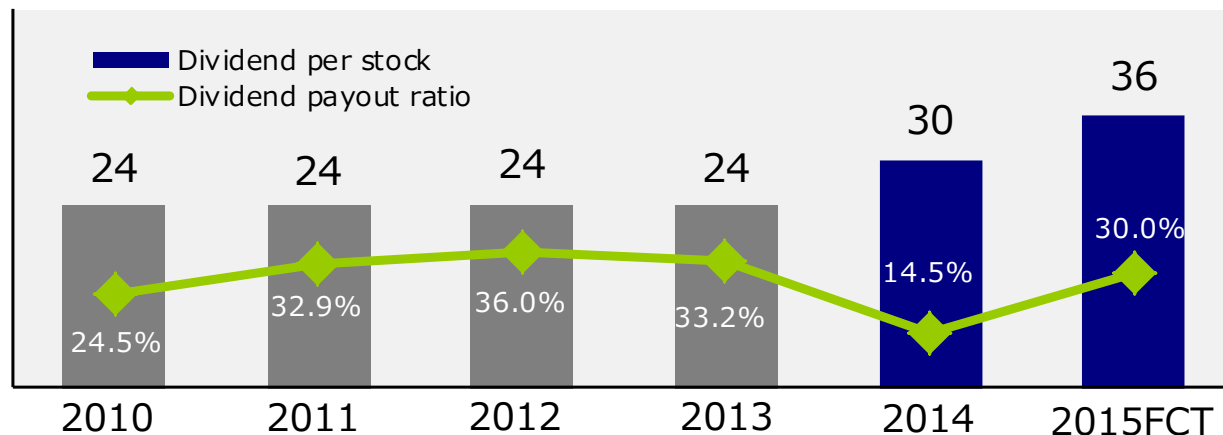
- ✓ Regarding the P&S business, the forecast for emerging markets, such as China and Latin America, has been mainly revised downward.
- ✓ The forecast for Machine tools has been revised downward due to weak orders as a result of China's economic slowdown.
- ✓ In addition to the above matters, additional provisions for product warranties in Q2 have been factored into the earnings forecast.

<100 Millions of Yen>

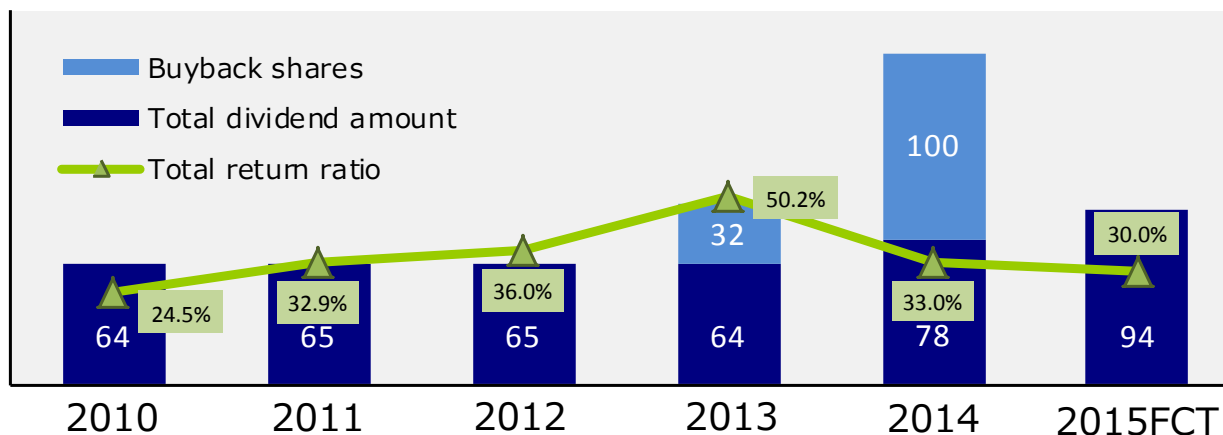
| | 15TY | Previous forecast | Rate of Change | 14TY | Rate of Change (w/o forex impact) |
|----------------------------------|--------|-------------------|----------------|--------|--------------------------------------|
| Net Sales | 8,000 | 8,300 | -3.6% | 7,072 | 13.1% (+10.9%) |
| Operating Income | 500 | 580 | -13.8% | 575 | -13.1% |
| Operating Income Ratio | 6.3% | 7.0% | | 8.1% | |
| Current Profits | 485 | 560 | -13.4% | 516 | -5.9% |
| Extraordinary Income(Loss) | 15 | -5 | | 138 | |
| Income Taxes | 180 | 195 | | 116 | |
| Income before minority interests | 320 | 360 | -11.1% | 538 | -40.5% |
| Net Income | 315 | 355 | -11.3% | 540 | -41.6% |
| Exchange Rates | | | | | |
| USD | 120.81 | 120.60 | | 110.03 | |
| EUR | 134.78 | 134.82 | | 138.68 | |

✓ Despite the downwardly revised earnings forecast, annual dividend is expected to remain unchanged at 36 yen per share.

<Dividend record>



<Total return ratio>



appendix

Consolidated Results for FY2015 Q2

Sales and Operating Income by Business Segment



<100 Millions of Yen>

| Sales | 14Q2 | 15Q2 | Rate of Change | Rate of Change (w/o forex impact) |
|----------------------|--------------|--------------|----------------|--------------------------------------|
| Total | 1,642 | 1,940 | 18.1% | 12.4% |
| Printing & Solutions | 1,100 | 1,191 | 8.2% | 2.1% |
| Personal & Home | 125 | 142 | 14.0% | 5.6% |
| Machinery & Solution | 219 | 190 | -13.2% | -19.4% |
| Network & Contents | 118 | 155 | 31.3% | 31.0% |
| Industrial Part | 44 | 45 | 3.0% | 0.1% |
| Domino business | - | 168 | - | - |
| Other | 36 | 48 | 33.6% | 33.6% |

| Operating Margin | 14Q2 | 15Q2 | Rate of Change |
|----------------------|------------|-----------|----------------|
| Total | 135 | 96 | -28.5% |
| Printing & Solutions | 93 | 48 | -48.8% |
| Personal & Home | 13 | 19 | 51.7% |
| Machinery & Solution | 33 | 21 | -38.4% |
| Network & Contents | -7 | 1 | - |
| Industrial Part | 0 | 2 | - |
| Domino business | - | 2 | - |
| Other | 2 | 5 | 138.8% |

Consolidated Results for FY2015 1H

Sales and Operating Income by Business Segment



<100 Millions of Yen>

| Sales | 141H | 151H | Rate of Change | Rate of Change (w/o forex impact) |
|----------------------|--------------|--------------|----------------|--------------------------------------|
| Total | 3,247 | 3,711 | 14.3% | 8.3% |
| Printing & Solutions | 2,178 | 2,360 | 8.3% | 1.9% |
| Personal & Home | 218 | 252 | 15.4% | 6.9% |
| Machinery & Solution | 469 | 493 | 5.2% | -1.7% |
| Network & Contents | 225 | 271 | 20.4% | 20.0% |
| Industrial Part | 86 | 91 | 5.1% | 1.9% |
| Domino business | - | 168 | - | - |
| Other | 70 | 75 | 7.4% | 7.3% |

| Operating Margin | 141H | 151H | Rate of Change |
|----------------------|------------|------------|----------------|
| Total | 300 | 249 | -16.9% |
| Printing & Solutions | 211 | 157 | -25.6% |
| Personal & Home | 20 | 26 | 30.2% |
| Machinery & Solution | 75 | 79 | 5.2% |
| Network & Contents | -16 | -7 | - |
| Industrial Part | 2 | 4 | 89.4% |
| Domino business | - | 2 | - |
| Other | 8 | -11 | - |

Consolidated Forecast for FY2015 TY

Sales and Operating Income by Business Segment



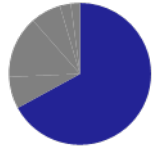
<100 Millions of Yen>

| Sales | 14 TY | Previous Forecast | 15 TY Forecast | Rate of Change | Rate of Change (w/o forex impact) |
|----------------------|--------------|-------------------|----------------|----------------|-----------------------------------|
| Total | 7,072 | 8,300 | 8,000 | 13.1% | 10.9% |
| Printing & Solutions | 4,743 | 5,230 | 5,065 | 6.8% | 4.6% |
| Personal & Home | 514 | 550 | 545 | 5.9% | 2.6% |
| Machinery & Solution | 1,006 | 1,080 | 983 | -2.3% | -5.8% |
| Network & Contents | 490 | 591 | 575 | 17.5% | 17.2% |
| Industrial Part | 174 | 200 | 195 | 11.8% | 10.0% |
| Domino business | - | 500 | 500 | - | - |
| Other | 145 | 149 | 137 | -5.7% | -2.8% |

| Operating Margin | 14 TY | Previous Forecast | 15 TY Forecast | Rate of Change |
|----------------------|------------|-------------------|----------------|----------------|
| Total | 575 | 580 | 500 | -13.1% |
| Printing & Solutions | 357 | 383 | 326 | -8.7% |
| Personal & Home | 49 | 53 | 53 | 7.5% |
| Machinery & Solution | 162 | 150 | 134 | -17.4% |
| Network & Contents | -9 | 16 | 12 | - |
| Industrial Part | 3 | 14 | 10 | 248.7% |
| Domino business | - | -27 | -27 | - |
| Other | 12 | -9 | -8 | - |

The full year forecast revised downward due to weak demand in emerging markets.

- Mostly steady sales in developed markets such as North America and Western Europe
- Sales of IJP with ultra-high yield ink tanks to emerging markets exceeding the previous forecast

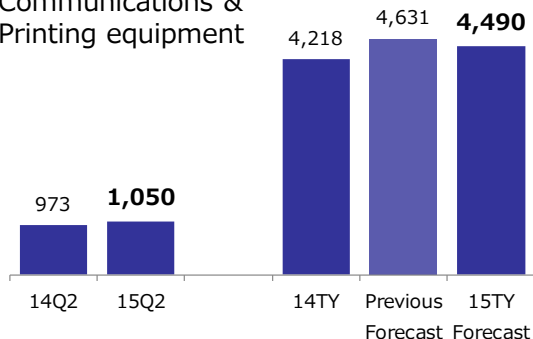


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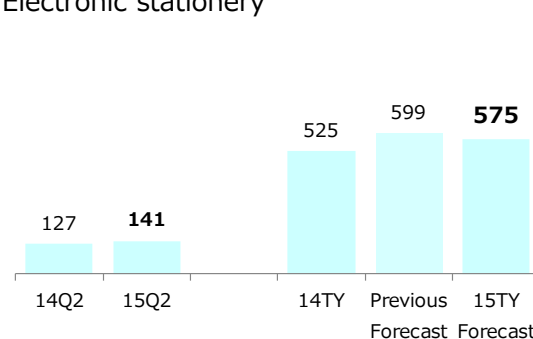
| | 14Q2 | 15Q2 | Change | Change x FX |
|--|--------------|--------------|--------------|-------------|
| Net Sales | 1,100 | 1,191 | 8.2% | 2.1% |
| Communications & Printing equipment | 973 | 1,050 | 7.9% | 2.0% |
| Americas | 390 | 451 | 15.5% | 2.9% |
| Europe | 319 | 298 | -6.8% | -6.7% |
| Asia & Others | 166 | 177 | 6.4% | 1.1% |
| Japan | 97 | 125 | 28.2% | 28.2% |
| Electronic stationery | 127 | 141 | 10.7% | 2.7% |
| Americas | 62 | 71 | 14.5% | 0.8% |
| Europe | 38 | 38 | -0.7% | -1.1% |
| Asia & Others | 19 | 21 | 10.2% | 2.5% |
| Japan | 8 | 11 | 36.9% | 36.9% |
| Operating Income | 93 | 48 | | |

| | 14TY | Previous Forecast | 15TY Forecast | Change | Change x FX |
|--|--------------|-------------------|---------------|-------------|-------------|
| Net Sales | 4,743 | 5,230 | 5,065 | 6.8% | 4.6% |
| Communications & Printing equipment | 4,218 | 4,631 | 4,490 | 6.4% | 4.5% |
| Americas | 1,680 | 1,942 | 1,845 | 9.8% | 3.7% |
| Europe | 1,417 | 1,422 | 1,414 | -0.2% | 1.5% |
| Asia & Others | 694 | 825 | 752 | 8.4% | 7.7% |
| Japan | 427 | 442 | 479 | 12.1% | 12.1% |
| Electronic stationery | 525 | 599 | 575 | 9.6% | 6.0% |
| Americas | 253 | 298 | 289 | 14.1% | 6.5% |
| Europe | 158 | 162 | 162 | 2.7% | 4.0% |
| Asia & Others | 78 | 94 | 84 | 7.2% | 4.8% |
| Japan | 35 | 45 | 40 | 13.5% | 13.5% |
| Operating Income | 357 | 383 | 326 | | |

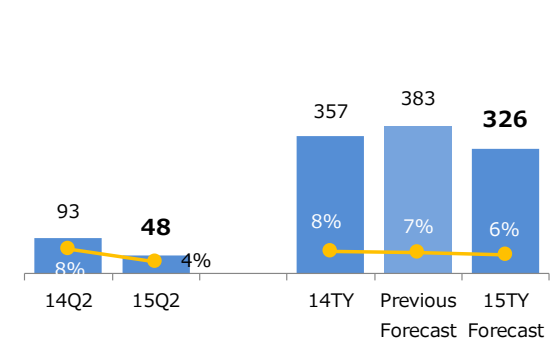
<Net Sales>
Communications & Printing equipment



<Net Sales>
Electronic stationery

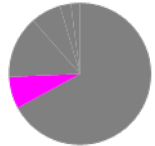


<Operating Income>



Continuing strong sales in North America and Western Europe

- Increasing sales in North America and Western Europe due to the launch of new mid-range models
- While sales in Russia were weaker, sales in Western Europe remained strong

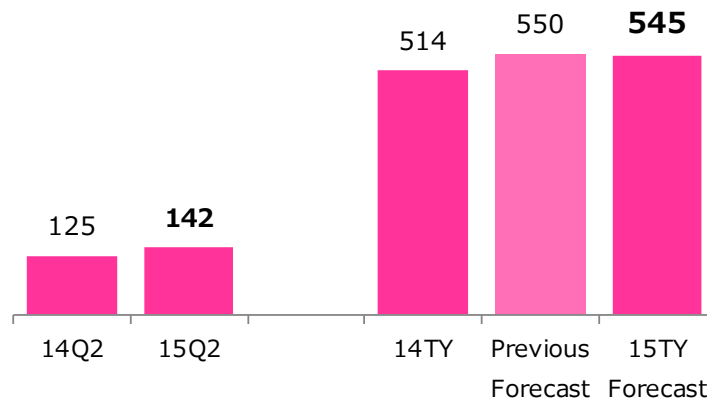


<100 Millions of Yen>

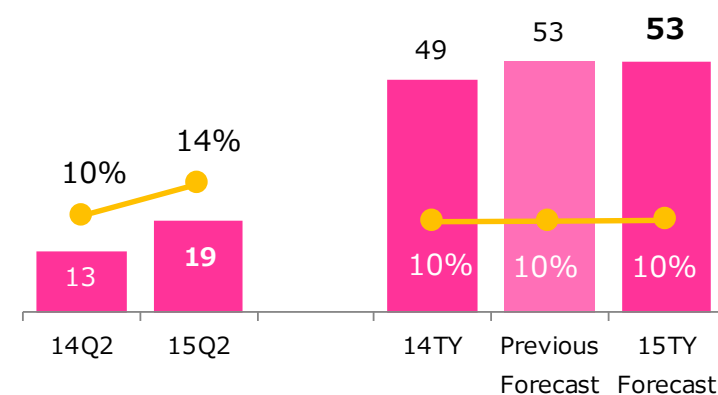
| | 14Q2 | 15Q2 | Change | Change x FX |
|-------------------------|------------|------------|--------------|-------------|
| Net Sales | 125 | 142 | 14.0% | 5.6% |
| Americas | 75 | 92 | 22.6% | 9.0% |
| Europe | 24 | 23 | -2.0% | -0.8% |
| Asia & Others | 15 | 16 | 7.2% | 2.7% |
| Japan | 11 | 11 | 0.0% | 0.0% |
| Operating Income | 13 | 19 | | |

| | 14TY | Previous Forecast | 15TY Forecast | Change | Change x FX |
|-------------------------|------------|-------------------|---------------|-------------|-------------|
| Net Sales | 514 | 550 | 545 | 5.9% | 2.6% |
| Americas | 296 | 329 | 330 | 11.5% | 4.7% |
| Europe | 111 | 109 | 100 | -10.2% | -7.2% |
| Asia & Others | 60 | 74 | 67 | 12.4% | 11.8% |
| Japan | 48 | 38 | 48 | 1.0% | 1.0% |
| Operating Income | 49 | 53 | 53 | | |

<Net Sales>

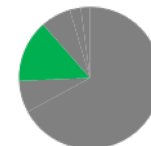


<Operating Income>



Machine tools forecast revised downward due to economic slowdown in China.

- Sales of Industrial sewing machines in China remain strong due to the launch of new lock stitch sewing machines
- The forecast for Machine tools has been revised downward due to weaker orders in China

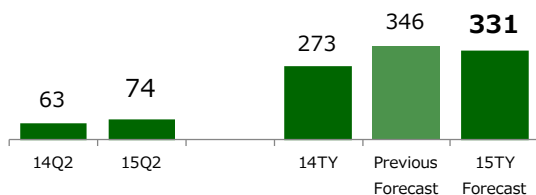


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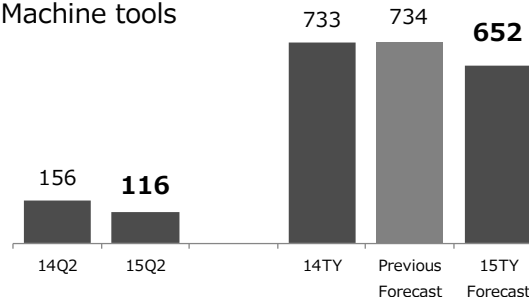
| | 14Q2 | 15Q2 | Change | Change x FX |
|-----------------------------------|------------|------------|---------------|---------------|
| Net Sales | 219 | 190 | -13.2% | -19.4% |
| Industrial sewing machines | 63 | 74 | 17.5% | 4.2% |
| Americas | 13 | 16 | 22.2% | 5.6% |
| Europe | 10 | 11 | 8.2% | 9.9% |
| Asia & Others | 38 | 45 | 19.7% | 3.0% |
| Japan | 2 | 2 | -11.5% | -11.5% |
| Machine tools | 156 | 116 | -25.7% | -29.0% |
| Americas | 6 | 7 | 18.8% | - |
| Europe | 7 | 5 | -28.7% | - |
| Asia & Others | 129 | 87 | -32.5% | - |
| Japan | 13 | 16 | 20.7% | - |
| Operating Income | 33 | 21 | | |

| | 14TY | Previous Forecast | 15TY Forecast | Change | Change x FX |
|-----------------------------------|--------------|-------------------|---------------|---------------|---------------|
| Net Sales | 1,006 | 1,080 | 983 | -2.3% | -5.8% |
| Industrial sewing machines | 273 | 346 | 331 | 21.2% | 13.9% |
| Americas | 54 | 62 | 61 | 13.8% | 4.0% |
| Europe | 43 | 47 | 48 | 11.6% | 14.9% |
| Asia & Others | 169 | 230 | 215 | 26.9% | 17.2% |
| Japan | 7 | 7 | 7 | 0.9% | 0.9% |
| Machine tools | 733 | 734 | 652 | -11.1% | -13.1% |
| Americas | 29 | 28 | 26 | -10.3% | - |
| Europe | 23 | 30 | 25 | 9.7% | - |
| Asia & Others | 622 | 609 | 529 | -14.9% | - |
| Japan | 59 | 67 | 71 | 20.0% | - |
| Operating Income | 162 | 150 | 134 | | |

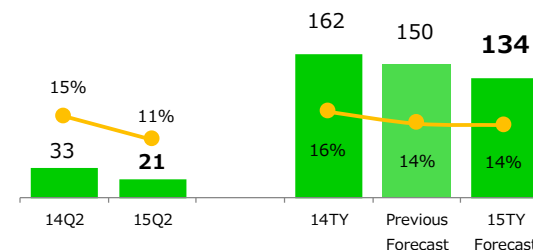
<Net Sales>
Industrial sewing machines



<Net Sales>
Machine tools

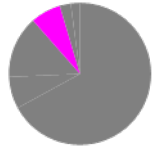


<Operating Income>



JOYSOUND new models were announced.

- In July, new online karaoke machines were launched for the first time in three years
- Finance performance is expected to improve in the second half due to the launch of new products



JOYSOUND MAX



JOYSOUND HIBIKI

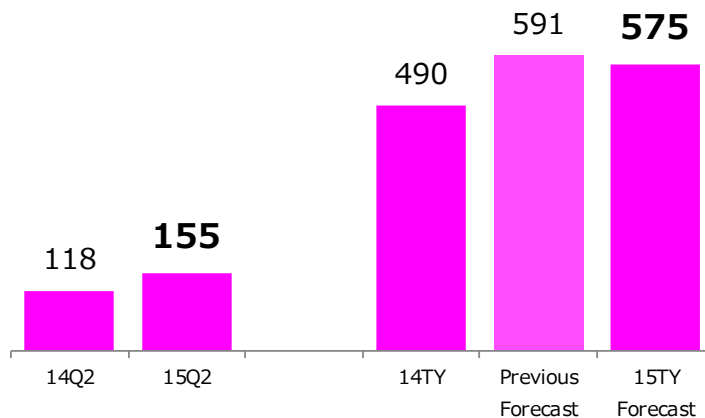


<100 Millions of Yen>

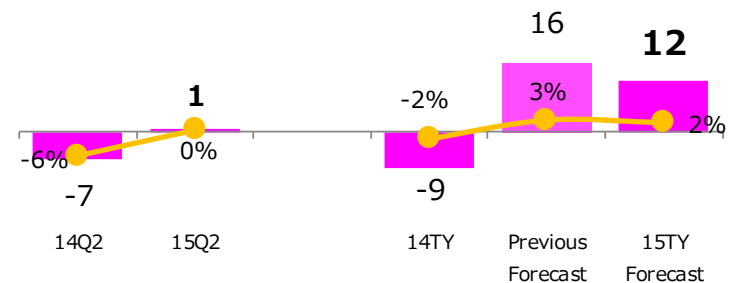
| | 14Q2 | 15Q2 | Change |
|-------------------------|------------|------------|--------------|
| Net Sales | 118 | 155 | 31.3% |
| Operating Income | -7 | 1 | |

| | 14TY | Previous Forecast | 15TY Forecast | Change |
|-------------------------|------------|-------------------|---------------|--------------|
| Net Sales | 490 | 591 | 575 | 17.5% |
| Operating Income | -9 | 16 | 12 | |

<Net Sales>



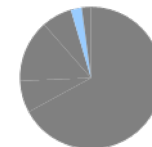
<Operating Income>



Sales increase of high-efficiency gear motors

- Aim to increase sales of IE3 gear motors in Japan.
- Aim to grow sales in North America and South Korea.

Nissei

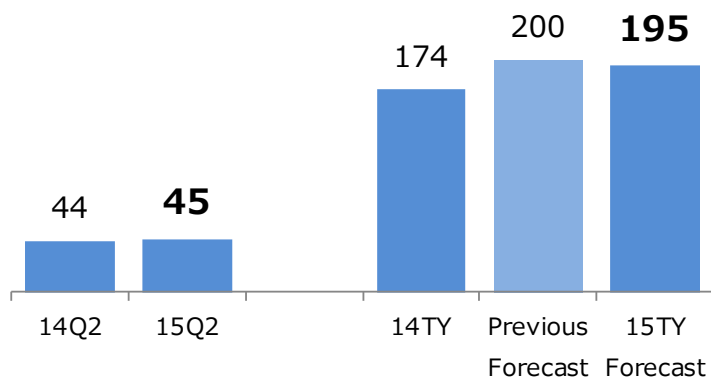


<100 Millions of Yen>

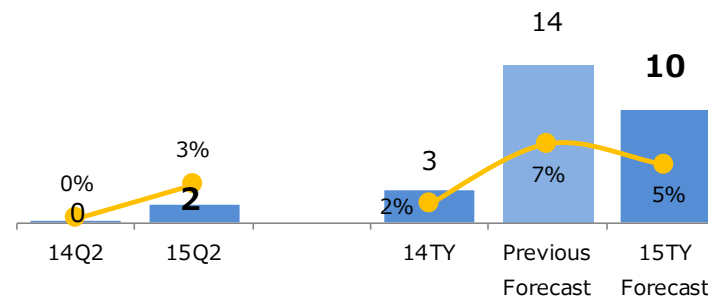
| | 14Q2 | 15Q2 | Change | Change x FX |
|-------------------------|-----------|-----------|-------------|----------------|
| Net Sales | 44 | 45 | 3.0% | 0.1% |
| Americas | 5 | 7 | 28.4% | 9.3% |
| Asia & Others | 1 | 4 | 249.6% | 228.0% |
| Japan | 38 | 34 | -8.3% | -8.3% |
| Operating Income | 0 | 2 | | |

| | 14TY | Previous Forecast | 15TY Forecast | Change | Change x FX |
|-------------------------|------------|----------------------|------------------|--------------|----------------|
| Net Sales | 174 | 200 | 195 | 11.8% | 10.0% |
| Americas | 23 | 30 | 30 | 31.6% | 21.2% |
| Asia & Others | 5 | 19 | 18 | 287.9% | 279.2% |
| Japan | 147 | 151 | 147 | 0.0% | -0.2% |
| Operating Income | 3 | 14 | 10 | | |

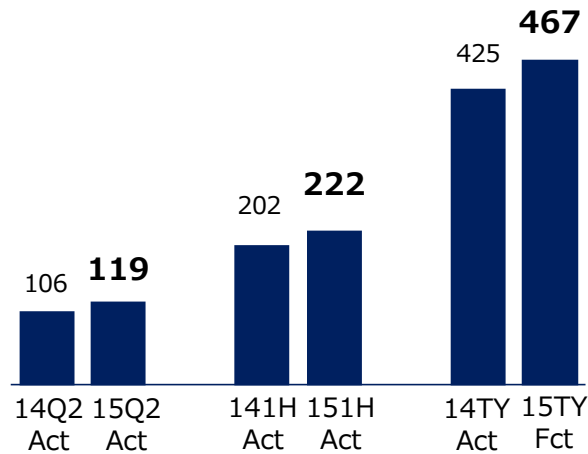
<Net Sales>



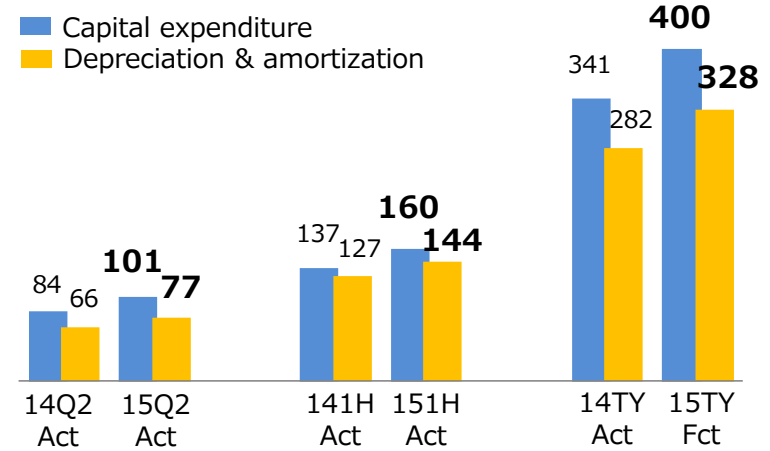
<Operating Income>



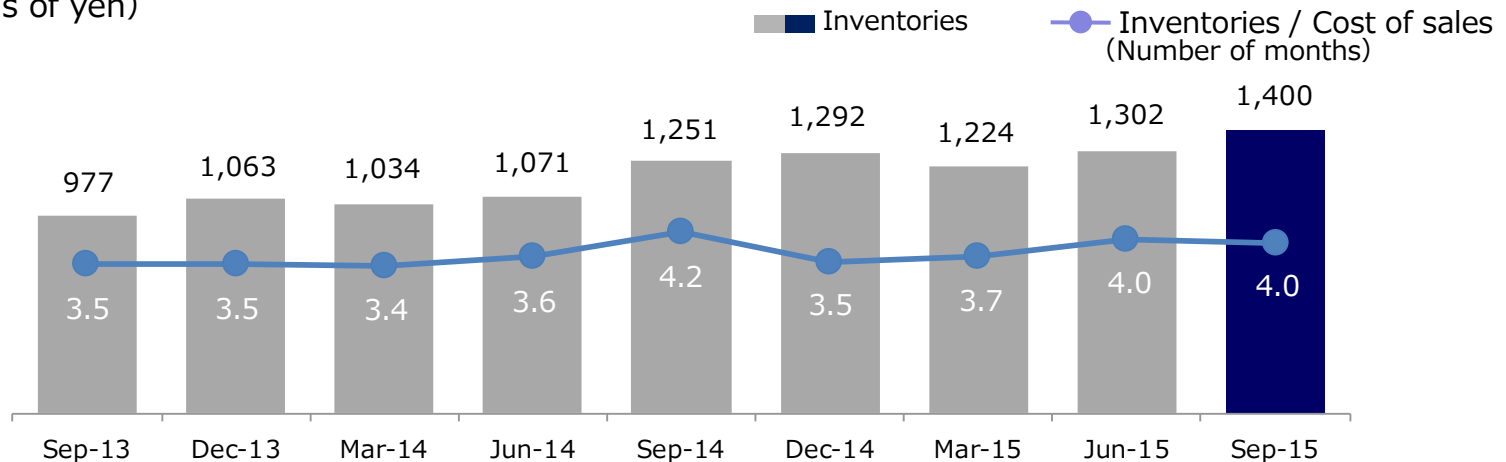
R&D expenses (100 Millions of Yen)



Capital expenditure / Depreciation & amortization (100 Millions of Yen)



Inventories (100 Millions of yen)



*Jun-15 actual for Inventories does not include Domino business figures.

brother
at your side