

Financial Results for Fiscal Year 2015 (ended March 31, 2016)

Brother Industries, Ltd.
May 9, 2016

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.

Highlight for FY2015

Highlight for FY2015



(100 Millions of Yen)

	FY15	FY14	Rate of Change (w/o forex impact)	15Q4	14Q4	Rate of Change (w/o forex impact)
Net Sales	7,459	7,072	5.5% (+4.0%)	1,762	1,858	-5.2% (-1.2%)
Operating Income	473	575	-17.8%	77	117	-34.1%
Current Profits	486	516	-5.7%	73	92	-20.2%
Income before Tax	493	654	-24.5%	58	78	-25.3%
Net Income	310	540	-42.5%	57	59	-4.1%
Exchange Rates						
USD	120.16	110.03		116.95	119.56	
EUR	132.36	138.68		128.94	136.10	

- ✓ Sales reached a record high primarily due to the new consolidated company Domino, despite negative factors, such as growing macroeconomic uncertainty and significantly decreased sales of machine tools.
- ✓ Operating income decreased by 18%. However, it maintained almost the same level of profit as last year's, excluding the impact from the consolidation of Domino and a negative impact from forex, mainly due to the yen's appreciation against the Euro.
- ✓ Ordinary profit decreased by 6%. However, it increased year-on-year in real terms, excluding the impact from the consolidation of Domino.

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Despite a severe environment for printing and machine tools businesses primarily due to growing uncertainty of the world economy, we achieved record sales in FY 2015 mainly owing to the new consolidated company Domino.

Operating income was approximately 10 billion yen less than our initial forecast. The main reasons are as follows:

- Costs associated with the acquisition of Domino and the amortization of goodwill had a negative impact of approximately 3.8 billion yen on profit.
- The Yen's appreciation against the Euro had a negative impact of approximately 5 billion yen on profit.

Current profits decreased. However, excluding the impact from the acquisition of Domino, we believe that the profit remained almost the same level as that of last year.

Highlight by business segment

brother
at your side

(100 Millions of Yen)

Net Sales	FY15	FY14	Rate of Change	Rate of Change (w/o forex impact)
Total	7,459	7,072	5.5%	4.0%
Printing & Solutions	4,768	4,743	0.5%	-0.6%
Personal & Home	528	514	2.6%	0.0%
Machinery & Solution	814	1,006	-19.1%	-22.2%
Network & Contents	537	490	9.7%	9.5%
Industrial Parts	183	174	5.0%	3.4%
Domino business	483	-	-	-
Other	146	145	0.5%	0.4%

Operating Margin	FY15	FY14	Rate of Change
Total	473	575	-17.8%
Printing & Solutions	342	357	-4.3%
Personal & Home	48	49	-1.7%
Machinery & Solution	104	162	-36.1%
Network & Contents	-3	-9	-
Industrial Parts	9	3	207.0%
Domino business	-20	-	-
Other	13	12	2.9%
Adjustment	-20	-	-



Printing & Solutions

Communications & Printing equipment / Electronic stationery

(100 Millions of Yen)

	FY14	FY15	Change
Net Sales			
Printing & Solutions	4,743	4,768	0.5%
Communication & Printing equipment	4,218	4,215	-0.1%
Electronic stationery	525	553	5.4%

Operating Income

Printing & Solutions	357	342	-4.3%
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<Net sales>

(Communications & Printing equipment)
Sales remained at almost the same level as last year due to steady sales of color laser MFC and the launch of inkjet MFC with high-yield ink tanks, despite the severe business environment due to maturity of the printing market and the economic slowdown in emerging markets.

(Electronic stationery)

Sales steadily increased in the labeling business and solution business as well, despite the economic slowdown in China and other emerging markets.



Inkjet MFC
DCP-T700W



Black & White
All-in-One
MFC-L5800DW



Document Scanner
ADS-3600W

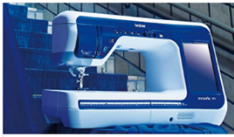
<Operating income>

Operating income remained at the same level as last year, excluding a negative impact from a stronger Yen against the Euro.

Amid a severe business environment, sales of communications and printing equipment for the full year of FY 2015 were almost flat year on year.

Sales of electronic stationery remained steady and increased by approximately 5%.

Operating income decreased. However taking into account the negative impact from a stronger Yen against the Euro and the harsh economic environment, we believe we secured a moderate profit.



Personal & Home

Home sewing machines

(100 Millions of Yen)

	FY14	FY15	Change
Net Sales	514	528	2.6%
Operating Income	49	48	-1.7%

<Net sales>

Sales of mid-range/high-end models steadily increased globally, despite the economic slowdown in Russia. Especially in Western Europe, sales for the year were strong with record high sales achieved in many countries.



Embroidery machine
VR100



Cutting machine
ScanNCut 650W

<Operating income>

Operating income margin retained a high profitability of approximately 9%, although operating income decreased due to the economic slowdown in Russia and a change in the product mix.

Sales in Russia were once strong but have become weak due to the economic slowdown. Nevertheless, sale as a whole increased due to robust sales in Western Europe.


Operating income remained at the same level as that of last year and secured a profit margin of 9%.

Machinery & Solution


Industrial sewing machines/Machine tools

(100 Millions of Yen)


	FY14	FY15	Change
Net Sales			
Machinery & Solution	1,006	814	-19.1%
Industrial sewing machi	273	308	12.7%
Machine tools	733	506	-30.9%
Operating Income			
Machinery & Solution	162	104	-36.1%



SPEEDIO
S500X1



SPEEDIO
S1000X1



NEXIO
S7300A

<Net sales>
(Industrial sewing machines)
Strategic lock stitch model S7300A enjoyed a good reputation. Sales increased even though China experienced economic slowdown.

(Machine tools)
Demand from IT customers peaked in the first half of the year. Sales to the automobile and motorcycle industries steadily increased with the strengthened product lineup.

<Operating income>
In industrial machines, operating income rose due to an improvement in profit margin because sales of new lock stitch S7300A were robust, and owing to steady sales of garment printers. However, operating income in the entire business decreased because operating income in machine tools significantly dropped due to shrinking demand from the IT industry.

In industrial sewing machines, the model launched last year received a positive feedback from customers and sales remained strong.

In addition, sales of garment printers, which are used for mainly printing on T-shirts, remained steady and sales of consumables were also robust.

In machine tools, sales to the smartphone case processing related industry completely peaked out.

On the other hand, sales of specific models to the automobile industry were gradually increasing. Sales to the car industry in Japan and the U.S. were steady.

Although these sales were not fully able to make up for a decline in sales to IT customers, we believe that we are on the right track at present.



Network & Contents

Online karaoke machines

(100 Millions of Yen)

	FY14	FY15	Change
Net Sales	490	537	9.7%
Operating Income	-9	-3	-



JOYSOUND MAX



JOYSOUND 響
HIBIKI

New models, Joysound Max and Joysound Hibiki, were launched for the first time in approximately three years. With all music played by using musical instruments, which is the industry's first, as well as the industry's largest number of songs available, these models provide overwhelming performance.

<Net sales>

Amid slowdown in the karaoke market, sales increased due to the launch of new models, Joysound Max and Joysound Hibiki, and new consolidated subsidiary Teichiku Entertainment, Inc.

<Operating income>

Operating losses were recorded for two consecutive years due to increases in sales promotion and music production costs associated with the launch of the new models and owing to deferred income resulting from an increase in rental transaction volume.

*Impairment loss on subsidiary shares

We calculated an impairment loss for the shares of consolidated subsidiary Xing Inc. under "Accounting Standard for Financial Instruments" because the actual value of the shares significantly fell due to deterioration in Xing's financial position, and recorded approximately 10.2 billion yen as a loss on valuation of shares of affiliates in the extraordinary loss items of our non-consolidated financial statements for the year ended March 31, 2016. (There was no impact on our consolidated financial statements because the amount was eliminated on consolidation.)

Sales increased due to the launch of the new models and the new consolidated Teichiku.

Regrettably, operating losses were recorded for two consecutive years due to the amortization of goodwill resulting from the acquisition of Teichiku, an increase in music production costs and a decrease in gross profit brought by increased rental transaction volume.

Impairment loss on valuation of shares of Xing, which was recorded in our non-consolidated financial statements, had no impact on our consolidated financial statements.

Nissei

Industrial parts

Reducer·Gear

(100 Millions of Yen)

	FY14	FY15	Change
Net Sales	174	183	5.0%
Operating Income	3	9	207.0%

<Net sales>

Despite a decrease in sales of reducers in Japan, the entire sales increased by approximately 5% due to steadily growing sales in the Americas.

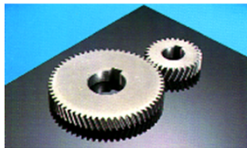
<Operating income>

Profitability improved due to increased sales.



GTR F Series

Helical gear



Hypoid gear



*Change of business segments

To accelerate synergies between businesses, industrial parts will be integrated into the Machinery and Solution business in FY 2016. (Machinery and Solution business will be renamed Machinery business in FY 2016.)

Although Nissei's sales decreased in Japan, its sales increased in the Americas, contributing to profitability improvement.

To accelerate synergies with the Machinery & Solution business, the industrial parts business will unite with the industrial sewing machines and machine tools businesses in order to develop operations as the Machinery business.

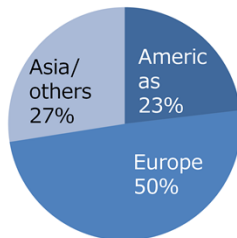
DOMINO Domino Business

<(Ref.) sales comparison by region>

	FY15	Change x FX
Net Sales	483	3.2%
Americas	112	2.8%
Europe	239	5.6%
Asia & Others	133	2.0%

*FY2015 is 9 month figures after newly consolidation with Brother group

< Sales breakdown by region >



<Net sales>

In the cording business, sales as a whole increased steadily and maintained single digit year-on-year growth. In the digital printing business, sales rose with an annual growth rate of over 15% due to growing needs for digital printing.

<Operating income>

Domino group maintained a profit margin of approximately 15%. However, operating loss was recorded in Brother consolidation due to the amortization of goodwill. (With Brother's adoption of IFRS, goodwill will not be amortized from FY 2016.)



In the cording & marking business, sales increased steadily and maintained single digit year-on-year growth. In the digital printing business, sales continually rose with an annual growth rate of over 15%.

Domino group maintained a profit margin of approximately 15%, as planned.

Forecast for FY2016

2018 Performance goal (IFRS)

Sales revenue **750 B.JPY**

Operating income **60 B.JPY**

Operating income rate **8.0%**

Our aspiration for Brother:

“A multi-business enterprise with resilient DNA and a track record of success that continually evolves to deliver profitable growth by meeting the challenges of changing times and environments”



Image of transition in business areas

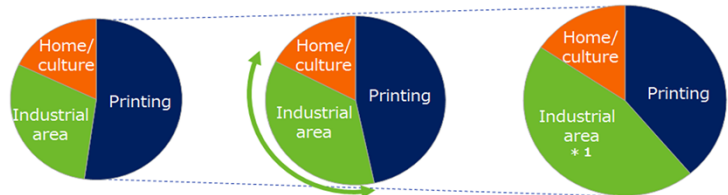


Image of CS B2015 business areas¹

Image of CS B2018 business areas¹

Image of business areas in the future

*1: “Industrial area” includes solution. “Home/culture” means P&H and N&C.

We released our new mid-term business strategy CS B2018 in March.

We will focus on expanding business in the industrial area and shift the existing printing business into a profitability enhancement business to contribute to corporate-wide business performances.

Concept of strengthen our businesses in CS B2015

Promote growth strategies across all businesses



Placed the printing related business as the primary axis inside the head office, and growth strategies promoted across all businesses

Concept of strengthen our businesses in CS B2018

Businesses for profitability enhancement

Expected to contribute to overall group profit as future cash cow groups



Reallocation of HR/ investment



Growth businesses and new businesses

Expected to be growth drivers of the entire group



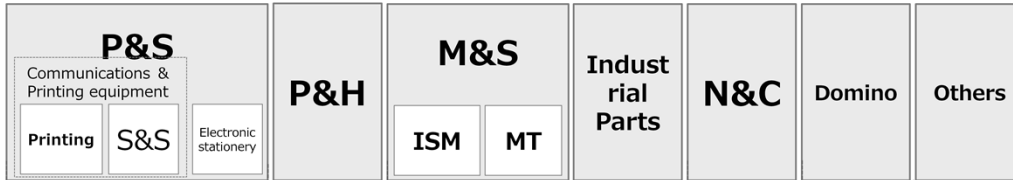
Clearly differentiate between “businesses for profitability enhancement” and “businesses for growth” and reallocate our resources to strengthen the portfolio

Each of our businesses aimed to become No.1 or No.2 in the world including emerging countries. However, considering changes in the business and economic environments, we will reposition our printing and karaoke businesses as profitability enhancement businesses.

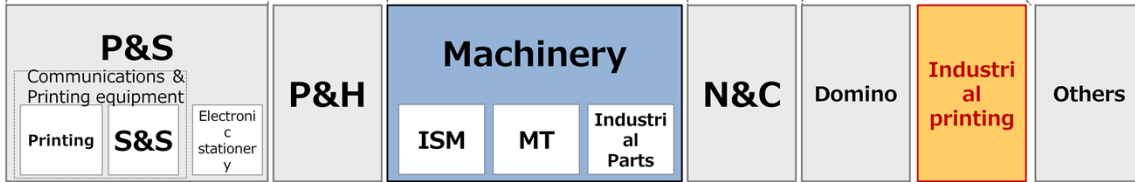
On the other hand, growth businesses, such as Domino and Machinery, will aim to expand actively.

Changes to business segments have resulted from the organizational change to promote CS B2018.

■ **Current**



■ **From 1st April 2016 onward**



■ **Businesses Changed** ■ **Business added newly**

Others in the disclosure

P&S

✓ **Communications & Printing equipment**

- Establish a new marketing strategy to survive in the SOHO market
- Shift to a proposal-based business to establish a presence in the SMB area
- Change into a highly profitable product mix, aiming to enhance profitability in emerging markets
- Promote approaches to increase sales of genuine consumables

✓ **Electronic stationery**

- Maintain the overwhelming position of No.1 in the labeling market
- Increase sales in the solution business area

P&H

✓ **Home sewing machines**

- Maintain global No.1 market share
- Strengthen sales activities to expand share in the mid-range/high-end markets
- Enhance development of sales channels towards growth in the craft area

Please refer to the above explanation.

<p>Machinery</p>	<ul style="list-style-type: none"> ✓ Industrial sewing machines <ul style="list-style-type: none"> • Enhance structure to support sales growth in the expanding Asian markets. • Strengthen R&D and sales to evolve the garment printer business ✓ Machine tools <ul style="list-style-type: none"> • Strengthen sales and service capabilities to increase sales to the automobile and motorcycle industries • Optimize production structure with an eye to a recovery in demand from IT related customers ✓ Industrial parts <ul style="list-style-type: none"> • In the reducers business, aim to increase sales of gear motors mainly in the USA • Transform into a highly profitable product mix by focusing on gears for robots
<p>N&C</p>	<ul style="list-style-type: none"> • Dispose of underperforming businesses, such as the content business, and restrain new business plans/investments • Improve profitability in existing stores by closing underperforming stores
<p>Domino</p>	<ul style="list-style-type: none"> • Invest in sales/service network to strengthen sales • Realize synergies with Brother (in R&D and production) • Increase production facilities (in U.K. and China)

Please refer to the above explanation.

Forecast for FY2016



(100 Millions of Yen)

IFRS		(Ref.) J-GAAP			
	FY16	FY16	FY15	Rate of Change (w/o forex impact)	
Sales Revenue	6,575	Net Sales	7,150	7,459	-4.1% (+3.3%)
Business Segment Profit	460	Operating Income	400	473	-15.4%
Operating Profit	450	Current Profits	380	486	-21.8%
Income before Tax	450	Income before Tax	365	493	-26.0%
Net Income	315	Net Income	255	310	-17.8%

Exchange Rates		Exchange Rates		
USD	110.00	USD	110.00	120.16
EUR	125.00	EUR	125.00	132.36

<Main impacts due to the adoption of IFRS>
 *Sales (Sales revenue)
 Primarily in the P&S business, most of sales promotion and advertising expenses associated with sales of products will be deducted from sales as discounts in real terms.
 *Operating profit
 While goodwill is amortized regularly under Japanese GAAP, it is not amortized under IFRS.
 (An impairment test shall be performed each period, and an impairment loss shall be recognized, if needed.)
 *Corporate tax
 Tax rate will become stable because the way tax effects on unrealized profits are recorded will change.

We will voluntarily adopt IFRS from FY 2016 and disclose financial results under IFRS.

For reference, the forecast prepared under Japanese GAAP is also presented for comparison.

Considering the trend of the appreciation of the Yen, we expect sales to decrease.

On a local currency basis, while sales of machines tools are expected to decrease, sales in other businesses are expected to increase.

The Yen's appreciation will also decrease operating profit. However, since there will be no amortization of goodwill under IFRS, operating profit will not fall significantly.

Net income is expected to increase to 31.5 billion yen, although there is some difference between the figure under IFRS and the figure under Japanese GAAP.

Forecast for 2016 by business segment



(100 Millions of Yen)

Sales Revenue (IFRS)

	FY16 Fct
Total	6,575
Printing & Solutions	3,845
Personal & Home	488
Machinery	959
Network & Contents	525
Domino business	614
Others	144

(Ref)Net Sales (J-GAAP)

	FY16 Fct	FY15 Act	Rate of Change	Rate of Change x FX
Total	7,150	7,459	-4.1%	3.3%
Printing & Solutions	4,404	4,768	-7.6%	0.5%
Personal & Home	503	528	-4.7%	3.9%
Machinery	962	997	-3.6%	0.3%
Network & Contents	525	537	-2.3%	-2.0%
Domino business	614	483	27.1%	43.9%
Others	143	146	-1.8%	-1.9%

Business Segment Profit (IFRS)

	FY16 Fct
Total	460
Printing & Solutions	300
Personal & Home	38
Machinery	57
Network & Contents	20
Domino business	40
Others	5

(Ref)Operating Income (J-GAAP)

	FY16 Fct	FY15 Act	Rate of Change
Total	400	473	-15.4%
Printing & Solutions	321	342	-6.2%
Personal & Home	39	48	-18.9%
Machinery	55	112	-51.1%
Network & Contents	9	-3	-
Domino business	-31	-20	-
Others	7	13	-41.9%
Adjustment	-	-20	-

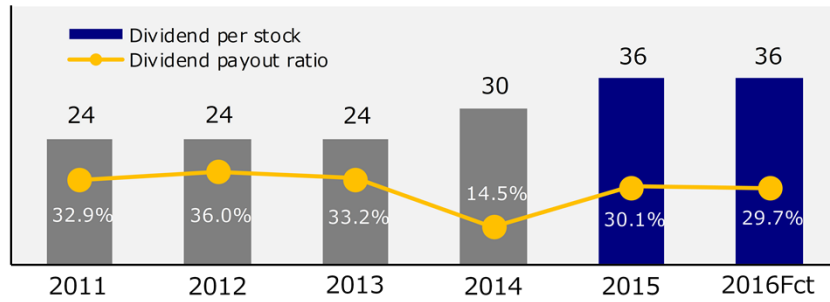
Operating Income (IFRS)

	FY16 Fct
Total	450
Printing & Solutions	294
Personal & Home	37
Machinery	56
Network & Contents	18
Domino business	40
Others	5

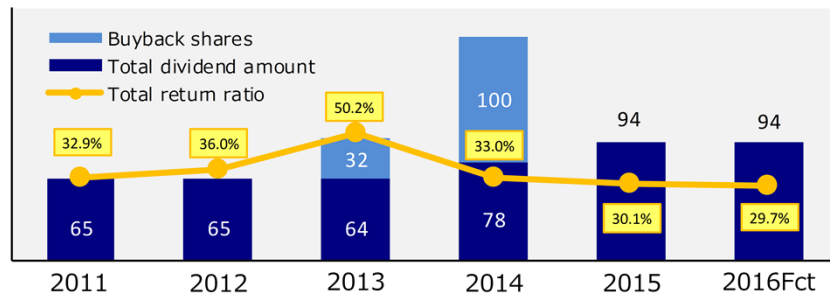
Dividend and Payout ratio

- ✓ Basic policy remains unchanged with consolidated payout ratio of about 30%
- ✓ Stable return to shareholders

<Dividend record>

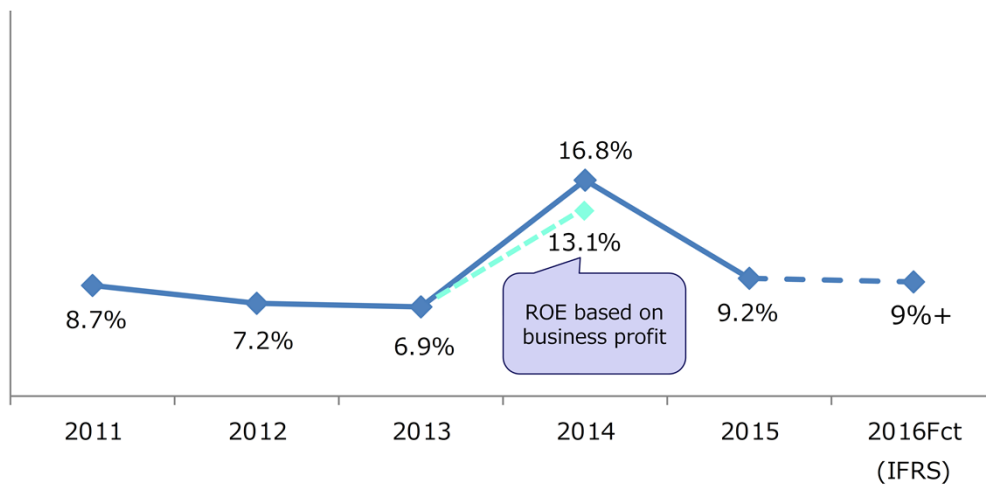


<Total return ratio>



Based on our basic policy, we will pay dividends with a target consolidated dividend payout ratio of 30%.

ROE for FY 2016 is forecasted to be 9%+



ROE is expected to exceed 9%; the target stated in our mid-term business strategy.

That is all.

Appendix

Printing & Solutions Sales & Operating Income

< Results for FY2015 (ended March 31, 2016) >

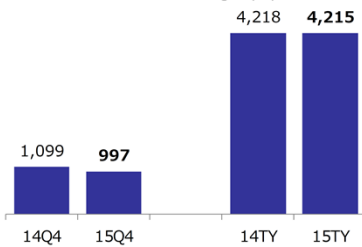


(100 Millions of Yen)

	14Q4	15Q4	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	1,238	1,135	-8.4%	-3.2%	4,743	4,768	0.5%	-0.6%
Communications & Printing equipme	1,099	997	-9.3%	-4.1%	4,218	4,215	-0.1%	-1.0%
Americas	446	399	-10.4%	-5.1%	1,680	1,733	3.2%	-2.1%
Europe	376	355	-5.6%	-0.2%	1,417	1,367	-3.5%	0.2%
Asia & Others	167	133	-20.0%	-11.6%	694	645	-7.1%	-7.9%
Japan	111	109	-1.7%	-1.7%	427	470	10.1%	10.1%
Electronic stationery	139	138	-0.6%	4.3%	525	553	5.4%	2.9%
Americas	68	67	-1.6%	2.8%	253	278	9.6%	3.0%
Europe	42	42	1.2%	6.6%	158	158	0.3%	3.7%
Asia & Others	18	16	-9.0%	-0.1%	78	77	-1.9%	-3.7%
Japan	11	12	12.0%	12.0%	35	40	13.5%	13.5%
Operating Income	54	68			357	342		

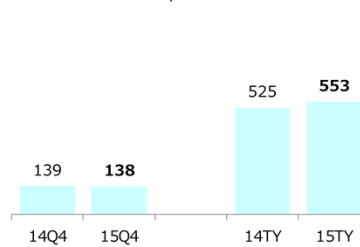
<Net Sales>

Communications & Printing equipment

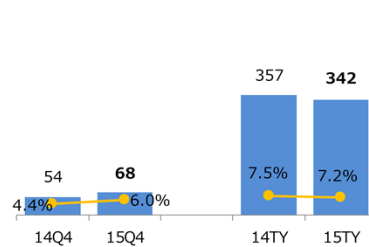


<Net Sales>

Electronic stationery



<Operating Income>



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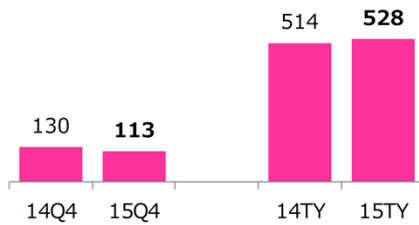
Personal & Home Sales & Operating Income
 < Results for FY2015 (ended March 31, 2016) >



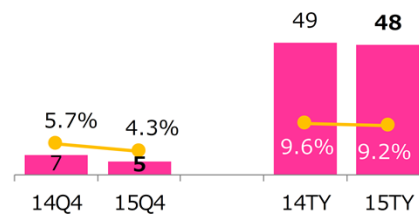
(100 Millions of Yen)

	14Q4	15Q4	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	130	113	-12.6%	-8.3%	514	528	2.6%	0.0%
Americas	70	58	-16.7%	-12.0%	296	313	5.7%	-0.5%
Europe	28	25	-11.1%	-6.7%	111	105	-5.9%	-1.3%
Asia & Others	14	14	-4.0%	3.2%	60	63	6.1%	5.5%
Japan	17	16	-5.1%	-5.1%	48	47	-0.6%	-0.6%
Operating Income	7	5			49	48		

<Net Sales>



<Operating Income>



Machinery & Solution Sales & Operating Income

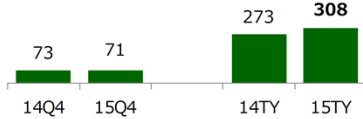
< Results for FY2015 (ended March 31, 2016) >



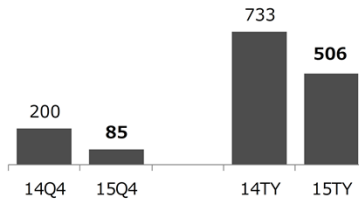
(100 Millions of Yen)

	14Q4	15Q4	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	273	157	-42.6%	-41.2%	1,006	814	-19.1%	-22.2%
Industrial sewing machines	73	71	-2.3%	1.4%	273	308	12.7%	6.3%
Americas	14	13	-2.1%	2.0%	54	63	16.8%	7.5%
Europe	11	10	-4.2%	0.2%	43	46	7.5%	12.6%
Asia & Others	46	46	-0.6%	3.0%	169	192	13.5%	4.9%
Japan	2	1	-34.9%	-34.9%	7	6	-7.8%	-7.8%
Machine tools	200	85	-57.3%	-56.7%	733	506	-30.9%	-32.8%
Americas	7	6	-7.3%	-	29	25	-12.8%	-
Europe	5	3	-47.3%	-	23	19	-16.9%	-
Asia & Others	171	58	-66.2%	-	622	392	-37.0%	-
Japan	17	19	10.3%	-	59	71	18.8%	-
Operating Income	45	7			162	104		

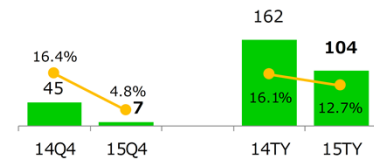
<Net Sales>
Industrial sewing machines



<Net Sales>
Machine tools



<Operating Income>



Network & Contents Sales & Operating Income

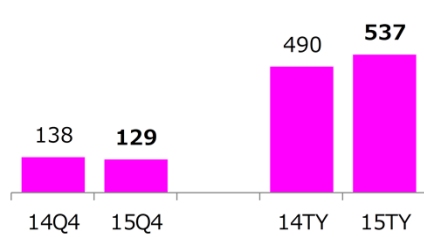
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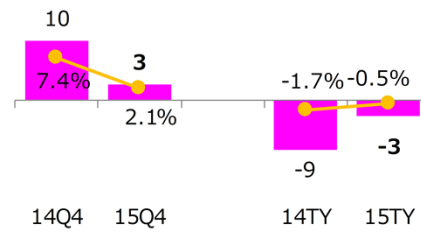
(100 Millions of Yen)

	14Q4	15Q4	Change	14TY	15TY	Change
Net Sales	138	129	-6.7%	490	537	9.7%
Operating Income	10	3		-9	-3	

<Net Sales>



<Operating Income>



Industrial Part Sales & Operating Income

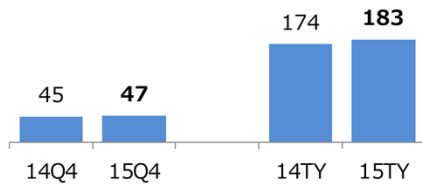
< Results for FY2015 (ended March 31, 2016) >



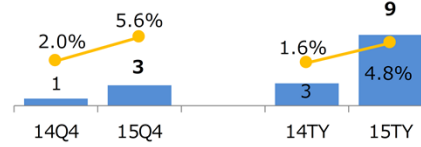
(100 Millions of Yen)

	14Q4	15Q4	Change	Change x FX	14TY	15TY	Change	Change x FX
Net Sales	45	47	3.3%	4.3%	174	183	5.0%	3.4%
Americas	5	7	28.3%	31.0%	23	28	23.1%	12.6%
Asia & Others	1	4	182.7%	208.5%	5	15	217.3%	209.3%
Japan	39	36	-6.0%	-6.0%	147	140	-4.5%	-4.5%
Operating Income	1	3			3	9		

<Net Sales>



<Operating Income>



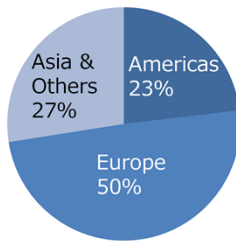
Domino Business Sales & Operating Income

< Results for FY2015 (ended March 31, 2016) >



(100 Millions of Yen)

<Sales by Regions>



*Ref: Year-on-year growth rate by geography (local currency basis)

	FY15	Change x FX
Net Sales	483	3.2%
Americas	112	2.8%
Europe	239	5.6%
Asia & Others	133	2.0%

<Breakdown of operating income of Domino business>



Domino's OP income	67
Amortization of goodwill	▲50
Amortization of intangible assets	▲25
Other*	▲12
Domino business OP income	▲20

*Other mainly represents an adjustment from IFRS to J-GAAP.

Printing & Solutions Sales & Operating Income

< Forecast for FY2016 (ending March 31, 2017) >

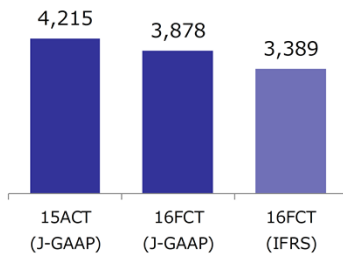


(100 Millions of Yen)

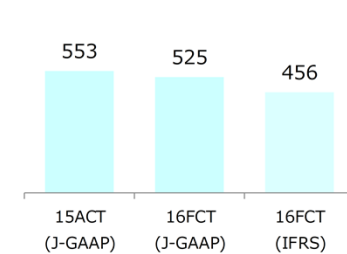
	15TY ACT (J-GAAP)	16TY FCT (J-GAAP)	Change	Change x FX
Net Sales	4,768	4,404	-7.6%	0.5%
Communications & Printing eq	4,215	3,878	-8.0%	0.1%
Americas	1,733	1,542	-11.0%	-0.6%
Europe	1,367	1,262	-7.7%	-1.1%
Asia & Others	645	600	-7.0%	3.7%
Japan	470	475	1.1%	1.1%
Electronic stationery	553	525	-4.9%	3.5%
Americas	278	259	-6.5%	3.6%
Europe	158	150	-5.3%	1.4%
Asia & Others	77	73	-5.2%	5.3%
Japan	40	43	7.8%	7.8%
Operating Income	342	321		

	16TY FCT (IFRS)
Sales Revenue	3,845
Communications & Printing eq	3,389
Americas	1,252
Europe	1,124
Asia & Others	559
Japan	455
Electronic stationery	456
Americas	213
Europe	138
Asia & Others	65
Japan	40
Business Segment Profit	300
Operating Income	294

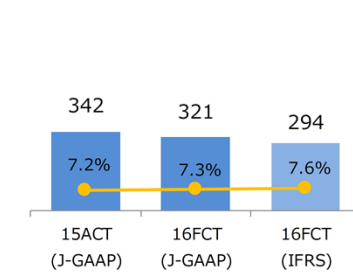
<Sales>
Communications & Printing equipment



<Sales>
Electronic stationery



<Operating Income>



Personal & Home Sales & Operating Income

< Forecast for FY2016 (ending March 31, 2017) >

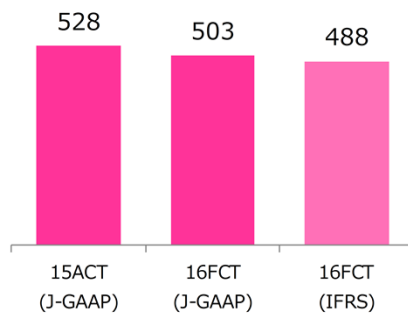


(100 Millions of Yen)

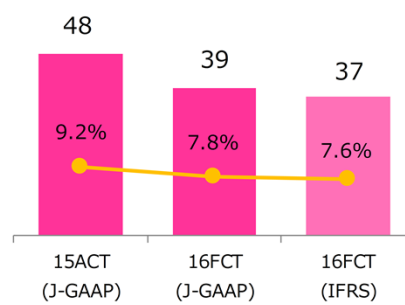
	15TY ACT (J-GAAP)	16TY FCT (J-GAAP)	Change	Change x FX
Net Sales	528	503	-4.7%	3.9%
Americas	313	291	-7.0%	3.7%
Europe	105	97	-7.5%	-2.0%
Asia & Others	63	64	0.9%	10.4%
Japan	47	52	9.1%	9.1%
Operating Income	48	39		

	16TY FCT (IFRS)
Sales Revenue	488
Americas	282
Europe	97
Asia & Others	62
Japan	47
Business Segment Profit	38
Operating Income	37

<Sales>



<Operating Income>



Machinery Business Sales & Operating Income

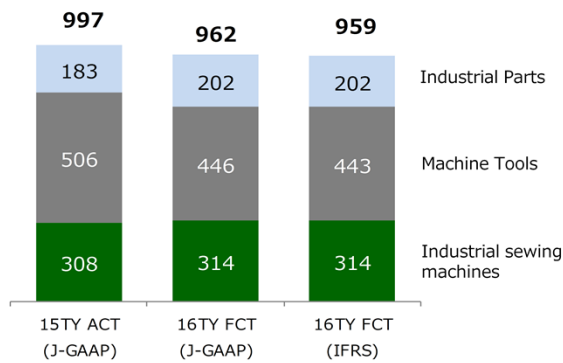
< Forecast for FY2016 (ending March 31, 2017) >



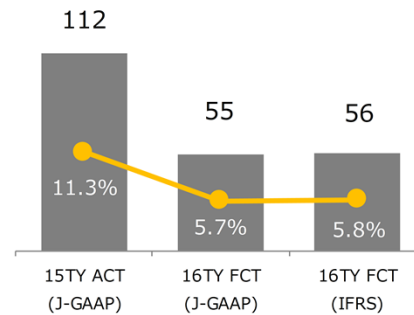
(100 Millions of Yen)

	15TY ACT (J-GAAP)	16TY FCT (J-GAAP)	Change	Change x FX		16TY FCT (IFRS)
Net Sales	997	962	-3.6%	0.3%	Sales Revenue	959
Industrial sewing machines	308	314	2.2%	0.3%	Industrial sewing machines	314
Machine tools	506	446	-12.0%	-10.7%	Machine tools	443
Industrial Parts	183	202	10.1%	12.7%	Industrial Parts	202
Operating Income	112	55			Business Segment Profit	57
					Operating Income	56

<Sales>



<Operating Income>



Machinery Business Sales & Operating Income

< Forecast for FY2016 (ending March 31, 2017) >



(100 Millions of Yen)

	15TY ACT (J-GAAP)	16TY FCT (J-GAAP)	Change	Change × FX
Net Sales	997	962	-3.6%	0.3%
Industrial sewing machines	308	314	2.2%	10.9%
Americas	63	59	-5.0%	5.0%
Europe	46	49	5.7%	12.1%
Asia & Others	192	199	3.6%	12.7%
Japan	6	7	6.1%	6.1%
Machine tools	506	446	-12.0%	-10.7%
Americas	25	28	13.6%	-
Europe	19	26	32.3%	-
Asia & Others	392	305	-22.1%	-
Japan	71	87	22.7%	-
Industrial Parts	183	202	10.1%	12.7%
Americas	28	29	3.8%	13.7%
Europe	-	-	-	-
Asia & Others	15	17	14.3%	27.4%
Japan	140	156	10.9%	10.9%
Operating Income	112	55		

	16TY FCT (IFRS)
Sales Revenue	959
Industrial sewing machines	314
Americas	59
Europe	49
Asia & Others	199
Japan	7
Machine tools	443
Americas	28
Europe	26
Asia & Others	302
Japan	87
Industrial Parts	202
Americas	29
Europe	-
Asia & Others	17
Japan	156
Business Segment Profit	57
Operating Income	56

Network & Contents Sales & Operating Income

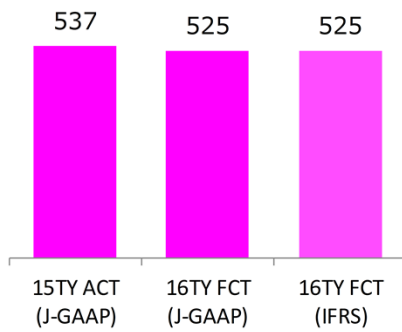
< Forecast for FY2016 (ending March 31, 2017) >



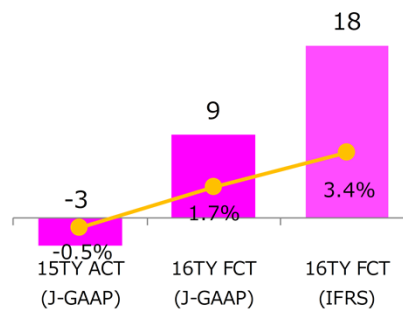
(100 Millions of Yen)

	15TY ACT (J-GAAP)	16TY FCT (J-GAAP)	Change		16TY FCT (IFRS)
Net Sales	537	525	-2.3%	Sales Revenue	525
Operating Income	-3	9		Business Segment Profit	20
				Operating Income	18

<Sales>



<Operating Income>



Domino Business Sales & Operating Income

< Forecast for FY2016 (ending March 31, 2017) >



(100 Millions of Yen)

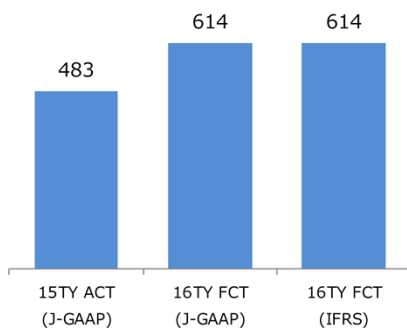
	15TY ACT (J-GAAP)	16TY FCT (J-GAAP)
Net Sales	483	614
Americas	112	138
Europe	239	310
Asia & Others	133	165

	16TY FCT (IFRS)
Sales Revenue	614
Americas	138
Europe	310
Asia & Others	165

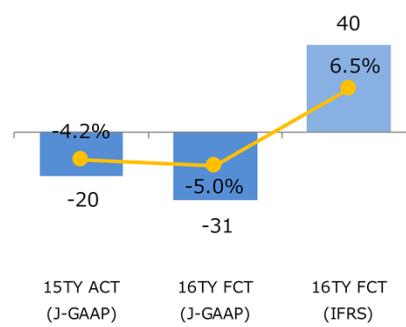
Operating Income	-20	-31
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Business Segment Profit	40
Operating Income	40

<Sales>



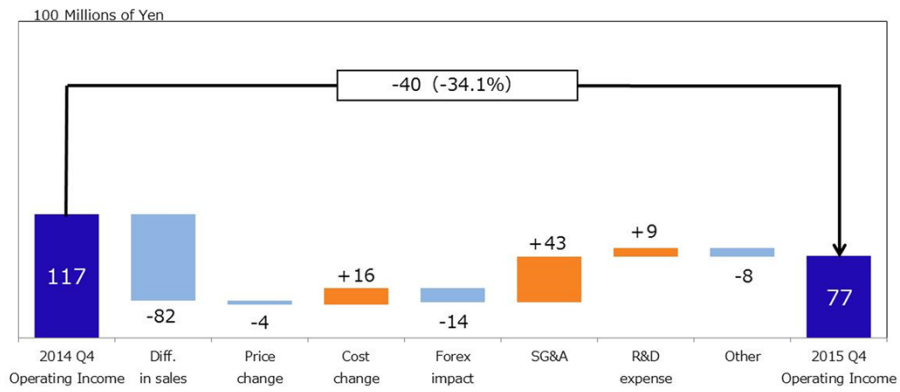
<Operating Income>



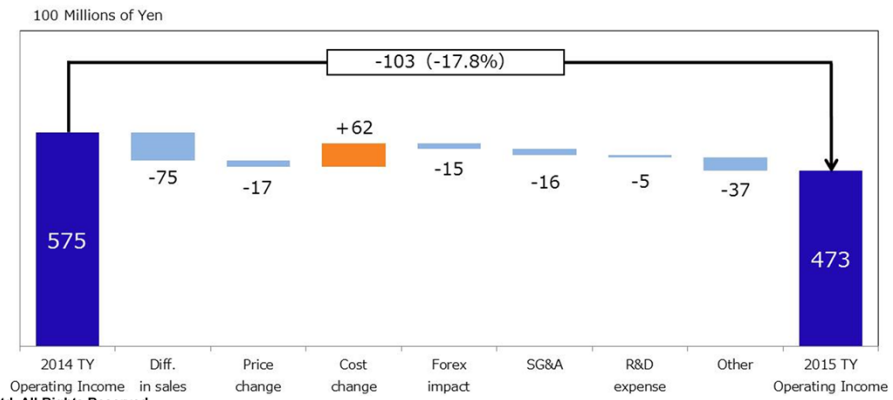
Main Factors for Changes in Operating Income



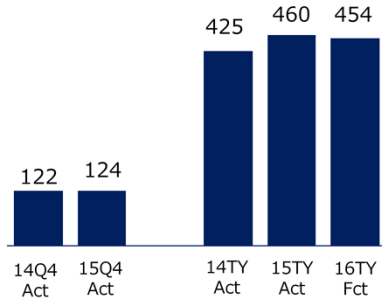
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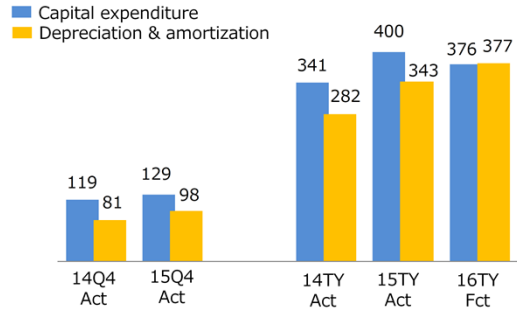
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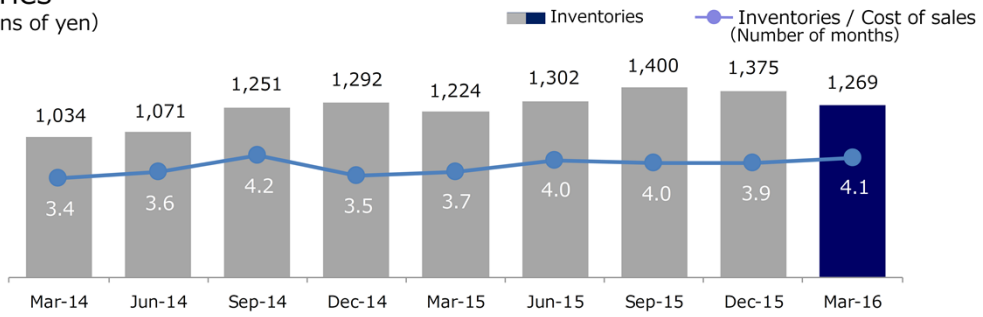
R&D expenses
(100 Millions of Yen)



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



Inventories
(100 Millions of yen)



Adopt IFRS voluntarily and start disclosing financial results under IFRS at the FY 2016 Q1 earnings announcement.

J-GAAP	IFRS
Net Sales	Sales Revenue(Gross)
	items deducted from sales
	Sales Revenue(Net)
Cost of sales	Cost of sales
Gross profit	Gross profit
SG&A	SG&A
sales promotion expenses	
Operating income	Business Segment profit
Non-operating income	Other operating income
Non-operating expenses	Other operating expenses
sales discounts	Operating income
Current profits	Finance income
Extraordinary income	Finance cost
Extraordinary expenses	Share of profit of investments accounted for using the equity method
IBT	IBT

For financial results by business segment, both business segment profit and operating profit will be disclosed. The notion of business segment profit is similar to that of operating profit under Japanese GAAP.

brother
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