

Fiscal Year 2016 (ending March 31, 2017)

First Half & Second Quarter Results
(ended September 30, 2016)

Brother Industries, Ltd.
November 7, 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.

Brother adopts IFRS, the International Financial Reporting Standards, from this fiscal year. The figures of FY2015, provided as a comparison with FY2016 figures, have also been changed in accordance with IFRS.

“Business segment profit” in this document indicates a profit indicator similar to operating income in Japanese GAAP. We will disclose both business segment profit and operating profit as the indicators of profitability management.

The first is the outline of Brother’s cumulative total results for the first half of FY2016.

Highlight for FY2016 1H

Consolidated Results for FY2016 1H



(100 Millions of Yen)

	161H	151H	Rate of Change (w/o forex impact)	16Q2	15Q2	Rate of Change (w/o forex impact)
Sales Revenue	3,103	3,415	-9.2% (+2.5%)	1,527	1,774	-13.9% (+0.7%)
Business Segment Profit	347	271	28.1%	145	118	23.5%
Business Segment Profit Ratio	11.2%	7.9%		9.5%	6.6%	
Operating Profit	362	303	19.5%	151	139	8.6%
Operating Profit Ratio	11.7%	8.9%		9.9%	7.8%	
Income before Tax	371	293	26.5%	159	127	25.7%
Net Income	270	211	27.9%	117	95	23.0%
Exchange Rates						
USD	106.43	121.50		102.91	121.91	
EUR	119.12	134.60		114.59	136.00	

- ✓ Despite robust sales in the P&S business, sales as a whole decreased on a yen basis due to the negative impact of the yen's appreciation and the lack of large orders for machine tools from IT customers.
- ✓ Profits at all levels increased because some of the measures to improve profitability worked mainly in the P&S business, despite a ¥7.7 billion negative impact of the yen's appreciation on business segment profit.

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This is the outline of Brother's cumulative total results for the first half of FY2016.

Sales revenue decreased by 9% or 30 billion yen, to 310.3 billion yen on a yen basis. However, sales revenue, in real terms, increased by 2.5% if the negative impact of the yen's appreciation, which brought about a decrease of about 40 billion yen, was excluded.

Business segment profit increased by 28% or 7.6 billion yen, to 34.7 billion yen. Although profits in the P&H business and the Machinery business decreased, profit in the P&S business, which was positioned as "the business for profitability enhancement," showed a drastic twofold increase from the previous year.

Both operating profit and net income increased.

Page 4 has a summary of respective business segments' figures.

Highlight by business segment



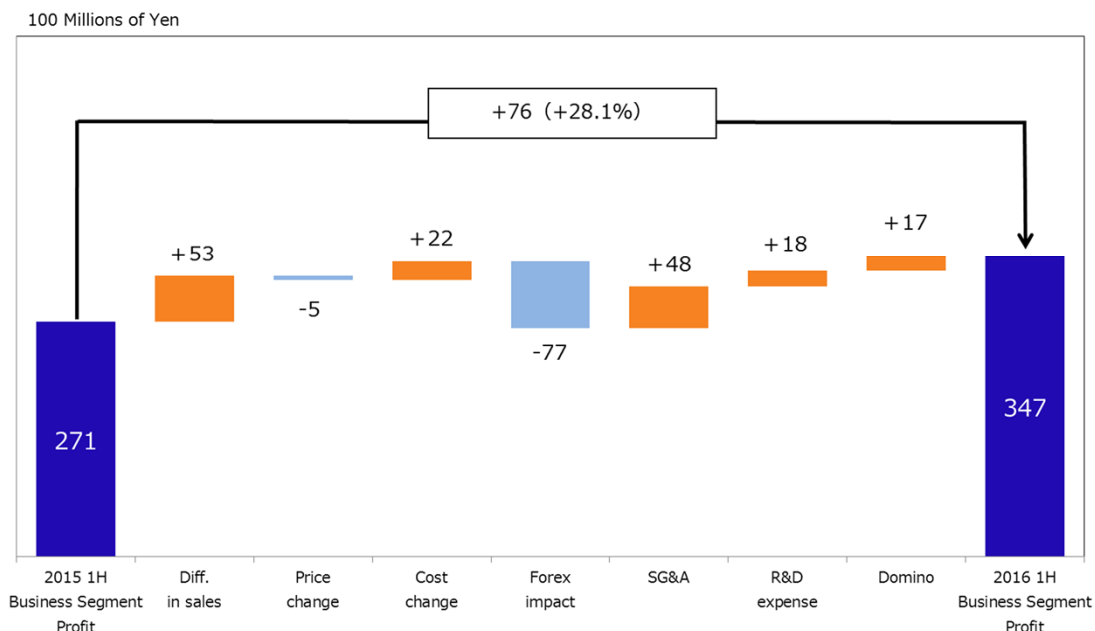
(100 Millions of Yen)

Sales Revenue	161H	151H	Rate of Change	Rate of Change (w/o forex impact)
Total	3,103	3,415	-9.2%	2.5%
Printing & Solutions	1,868	2,070	-9.7%	3.6%
Personal & Home	206	247	-16.5%	-3.7%
Machinery	436	582	-25.0%	-18.9%
Network & Contents	246	274	-10.4%	-10.0%
Domino business	282	168	-	-
Other	65	75	-12.7%	-12.7%

Business Segment Profit	161H	151H	Rate of Change
Total	347	271	28.1%
Printing & Solutions	281	143	96.8%
Personal & Home	5	25	-81.9%
Machinery	29	85	-66.0%
Network & Contents	10	8	22.6%
Domino business	19	20	-
Other	4	7	-46.3%
Adjustment	-1	-18	-

Operating Profit	161H	151H	Rate of Change
Total	362	303	19.5%
Printing & Solutions	303	163	85.9%
Personal & Home	5	26	-81.1%
Machinery	31	84	-62.9%
Network & Contents	0	8	-98.4%
Domino business	19	18	-
Other	5	22	-79.0%
Adjustment	-1	-18	-

Main Factors for Changes in Business Segment Profit



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This is the main factors for changes in business segment profit for the consolidated cumulative second quarter. The profit increased by 7.6 billion yen compared to the same period last year.

The breakdown of 5.3 billion yen in the difference in sales is as follows:

- An increase of 13 billion in the P&S business
- A decrease of 1.5 billion in the P&H business
- A decrease of 4 billion in the Machinery business
- A decrease of 2 billion in the N&C business

The P&S business largely contributed to a cost reduction of 2.2 billion yen.

In a decrease of 7.7 billion in the forex impact, P&S accounted for 80% thereof; P&H 10%, and; Machinery 10%. The breakdown by currency was a decrease of 6 billion yen due to a 15-yen appreciation of the yen against the euro, no impact by the exchange rates against the U.S. dollar, and a decrease of 1.5 billion yen by the impact of the exchange rates against the British pound and the RMB, etc.

As for 4.8 billion in SG&A, P&S accounted for 50% thereof, and N&C and Machinery occupied the rest parts.

R&D expenses as a whole decreased by 1.8 billion. The P&S business and the N&C business, both of which were positioned as "the businesses for profitability enhancement," decreased their R&D expenses by 2 billion and by 500 million, respectively, while R&D expenses increased in growth businesses, including the Machinery business. This resulted in a total reduction of 1.8 billion in a whole company.

Domino in this graph shows changes associated with the Domino business. It resulted in an increase of 1.7 billion because the expenses related to the acquisition of Domino's shares, which were allocated last year, became no longer needed.



Printing & Solutions

Communications & Printing equipment / Electronic stationery

(100 Millions of Yen)

	151H	161H	Change	Rate of Change (w/o FX)
Sales Revenue				
Printing & Solutions	2,070	1,868	-9.7%	3.6%
Communication & Printing equipment	1,829	1,648	-9.9%	3.4%
Electronic stationery	240	220	-8.5%	5.4%
Business Segment Profit				
Operating Profit	143	281	96.8%	-
	163	303	85.9%	-

<Sales Revenue>

(Communications & Printing equipment)

- ✓ Sales remained robust mainly in the U.S. and China.
- ✓ Unit sales of both mono and color laser printers/All-in-Ones exceeded those of the previous year.
- ✓ Although unit sales of inkjet All-in-Ones fell below that of the previous year, the shift to models with super high-yield ink tanks improved the model mix.

(Electronic stationery)

- ✓ Sales steadily increased in the labeling and mobile solutions businesses.
- ✓ Label Printer PT-P300BT, dedicated for smartphones, was launched.

<Operating Profit>

- ✓ Fixed cost reductions, improved efficiency in the use of sales promotion expenses and R&D cost reductions worked well for strengthening profitability.
- ✓ Profitability improved due to an increase in sales of inkjet All-in-Ones with super high-yield ink tanks.
- ✓ Profitability improved in emerging markets as well.



Black & White All-in-One MFC-L6900DW



Label Printer PT-P300BT

Next is the highlight of respective business segments.

The first is the Printing & Solutions business.

The sales revenue of communications & printing equipment increased by 3.4% on a local currency basis. Hardware accounted for 5%, and consumables 2%, respectively.

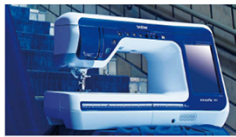
Sales remained robust mainly in the U.S. and China. Unit sales of both mono and color laser Printers/All-in-Ones exceeded those of the same period last year.

Although unit sales of inkjet All-in-Ones fell below those of the previous year, the shift to models with super high-yield ink tanks or models with high-yield ink cartridges improved the model mix.

The sales of electronic stationery steadily increased.

Business segment profit increased almost twice compared to that of the previous fiscal year.

Sales in P&S rose by slightly more than 3%. Fixed cost reductions, improved efficiency in the use of sales promotion expenses and R&D cost reductions worked well for strengthening profitability, and profitability in emerging markets improved due to an increase in the sales of inkjet All-in-Ones with high-yield ink tanks. These positive factors contributed to an increase in profit.



Personal & Home

Home sewing machines

(100 Millions of Yen)

	151H	161H	Change	Rate of Change (w/o FX)
Sales Revenue	247	206	-16.5%	-3.7%
Business Segment Profit	25	5	-81.9%	-
Operating Profit	26	5	-81.1%	-

<Sales Revenue>

✓ Despite no significant change in demand in developed nations, sales in the Americas fell below the previous year's level due to no major model change to our leading products.

<Operating Profit>

✓ Operating income significantly fell year-on-year due to the negative impact of the yen's appreciation and to sales of mid-range/high-end models being lower than the forecasts.



XV-8550D
©Disney



PR1050X

Next is the Personal & Home business.

Sales revenue fell by 3.7% on a local currency basis.

Sales in Western Europe continued to increase while sales in the Americas, which had been drivers of the business growth, dropped.

Despite no significant change in demand, sales in the Americas decreased due to no new model launch in our flagship middle to high-end products during the first half of FY2016.

Operating profit resulted in a significant decrease of 80% despite no drastic decline in sales. This was first due to the negative impact of yen's appreciation, which brought about a decrease of 700 to 800 million yen. The unbalanced model mix was the main factor behind this decrease.

The sales of high-end sewing machines costing more than ten thousand dollars increased strongly last year. In contrast, the sales of high-end products slowed down in this period because no notable new models were launched in the market.

In addition, a buildup of inventories led to an increase in the elimination amount of unrealized gains on inventories, and thus profitability decreased.


As shown above, the failure of achieving the sales target of high-end sewing machines in the Americas was a strong factor in deteriorating profitability.

Machinery


Industrial sewing machines/Machine tools/Industrial Parts

(100 Millions of Yen)


	151H	161H	Change	Rate of Change (w/o FX)
Sales Revenue				
Machinery Business	582	436	-25.0%	-18.9%
Industrial sewing machines	152	126	-16.9%	-3.8%
Machine tools	340	220	-35.5%	-31.9%
Industrial Parts	89	90	1.1%	4.8%
Business Segment Profit	85	29	-66.0%	-
Operating Profit	84	31	-62.9%	-



SPEEDIO
S500X1



NEXIO
S-7300A



GTR F series

<Sales Revenue>

(Industrial sewing machines)

- ✓ Sales decreased due to low demand in China as well as the negative impact of the yen's appreciation.

(Machine tools)

- ✓ Sales largely decreased despite spot orders from IT-related customers in China and steady sales to auto-related markets. This significant decrease is because we did not receive large orders from IT-related customers, unlike in the same period last year.

(Industrial Parts)

- ✓ Both domestic sales and overseas sales remained at the same level as last year.

<Operating profit>

- ✓ Operating income significantly decreased due to a large decrease in sales of machine tools, the yen's appreciation and an increase in investments for future growth.

Next is the Machinery business.

The former M&S business and Industrial Part business were integrated into the Machinery business from FY2016.

Sales fell by 18.9% on a local currency basis.

In industrial sewing machines, sales slightly decreased by 3.8% mainly due to lower demand in China. Although sales in Asian countries, which succeeded to China's position as a manufacturing site of apparel products, continued to grow, the sales target of the first half period failed to be achieved due to the economic slowdown.

In machine tools, sales decreased by more than 30%. This was mainly because we did not receive big orders from IT-related customers unlike the same period last year. The sales of products for automobile-related market, where Brother placed importance, grew steadily, but they were not enough to offset the decrease in the IT-related sales.

In industrial parts, sales remained steady.

Operating profit decreased, mainly attributable to a decrease in the sales of machine tools.



Network & Contents

Online karaoke machines

(100 Millions of Yen)

	151H	161H	Change
Sales Revenue	274	246	-10.4%
Business Segment Profit	8	10	22.7%
Operating Profit	8	0	-98.3%

<Sales Revenue>

- ✓ In the online karaoke business, sales decreased because sales of the new on-line karaoke equipment have settled down
- ✓ In the karaoke club business, sales remained steady due to the reorganization of unprofitable clubs.

<Business Segment Profit>

- ✓ Business segment profit increased due to cost reductions in the karaoke club business and reductions in SGA.

<Operating Profit>

- ✓ Operating profit significantly decreased due to one-time expenses regarding structural reforms for strengthening profitability.



JOYSOUND MAX



JOYSOUND HIBIKI

In the Network & Contents business, sales revenue fell by 10%.

In the online karaoke business, sales decreased because the sales of the new on-line karaoke systems launched last year had settled down.

In the karaoke club business, sales increased steadily as a result of approaches to bolster profitability, such as the reorganization of unprofitable clubs and new store openings in prime locations near stations.

Business segment profit increased due to cost reductions and enhanced profitability in the karaoke club business.

In accordance with the mid-term business strategy, Brother conducted structural reforms in its subsidiary XING. Operating profit was zero due to one-time expenses associated with the structural reforms.

The structural reforms were expected to bring about over a one-billion reduction in fixed cost. We will continue to strengthen profitability with an aim of achieving a target of CS B2018, an operating profit ratio of 5% in FY2018.

DOMINO

Domino Business

※16Q2 v 15Q2

(100 Millions of Yen)

	15Q2	16Q2	Change	Rate of Change (w/o FX)
Sales Revenue	168	137	-18.3%	13.8%
Business Segment Profit	20	11	-45.6%	-
Operating Profit	18	11	-40.9%	-



<Sales Revenue>

- ✓ While sales decreased on a yen basis due to the negative impact of forex, sales increased on a British pound basis. (Sales were flat on a constant currency basis.)
- ✓ Hardware sales were below our forecast because capital expenditure did not work well due to the economic slowdown in emerging countries. However, aftermarket sales, including consumables sales and service revenue, remained steady.

<Operating Profit>

- ✓ Operating income decreased due to an increase in investments for future growth and the negative impact of the yen's appreciation.

<Topix>

- ✓ The impact from "Brexit" is predicted to be minor because Domino's sales in the U.K. account for only 8% of Domino's total sales. Cost competitiveness has become more intense in the Euro zone due to the depreciation of British pound.
- ✓ The production of some of Domino's products was shifted to Brother's factories in China.

Next is the Domino business.

This is a comparison between the three month of FY2016 Q2 and those of FY2015 Q2 because the Domino business was consolidated from the second quarter of FY2015.

Sales decreased by 14% due to the negative impact of the depreciation of the British pound. They remained almost flat on a constant currency basis. The reduced investment in hardware triggered by concerns over economic slowdown in emerging countries affected sales negatively although aftermarket sales, including consumables sales, rose by more than 5%.

Profitability fell year-on-year, but it still remained at the level of our planning line. We have been carrying out investment aggressively in accordance with the five-year strategy until FY2020. Consequently, investment in R&D expenses and SG&A increased compared to those of last year. The depreciation of the British pound also brought about a decrease of several hundred million yen.

Below are our comments on the inquiries about "Brexit" from some of the investors.

Domino is a UK company having its main factories in the U.K., but its sales in the U.K. is extremely limited, accounting for only 8% of its total sales. In terms of cost, this weaker British pound can provide a boost to the Domino business. Therefore, we consider the impact of "Brexit" would have less impact on the Domino performance.

Brother's factories in China also have started the production of some of Domino products. Collaboration between Brother and Domino has already been working not only in development but also in production.

■ Printing & Solutions business

- Launched inkjet All-in-Ones with high-yield ink cartridges in the U.S. and Japan following the earlier launch in emerging markets



INKvestment

MFC-J985DW

- Renewal of high-speed and durable mono laser printers/ All-in-Ones



HL-L6400DW



MFC-L5755DW



MFC-L6900DW

- Received five "Summer 2016 Pick" awards in Printers/ All-in-Ones and Scanners from Buyers Laboratory LLC, a U.S. independent evaluation organization



■ Machine tools

- Start of operations of Kariya sixth factory



■ Industrial Printing

- Launched laser marker LM-2500



LM-2500



Printing production information on motor parts



Printing lot numbers on switch parts

This is the summary of main achievements in the first half of FY2016.

In the Printing & Solutions business, Brother launched inkjet All-in-Ones with high-yield ink cartridges in the U.S. and Japan. In the U.S., we have been focusing on promoting these cartridges with the catchphrase "INKvestment" and also using non-traditional approaches, including the use of digital media.

As for Brother's flagship mono laser products, we globally brought out new models in almost every high-speed and high durability product category. White-colored products, in particular, doubled their durability compared to their previous models. We expect them to become flagship products to expand our sales in the SMB market.

In the Machinery business, the new factory built within the Kariya Factory has started its operation. Unfortunately, the factory utilization rate is not high due to a decline in IT demand. However, it will serve as an important infrastructure to expand our business, contributing to improving the in-house production ratio of parts, reducing external warehouses, and expanding production space.

In the Industrial Printing business, Brother launched a laser marker as its first product in this field. We will expand the scope of our industrial printing business while meeting customer needs, such as the enhanced traceability of parts.

Forecast for FY2016



(100 Millions of Yen)

	FY16	Previous forecast	Rate of Change	FY15	Rate of Change (w/o forex impact)
Sales Revenue	6,300	6,400	-1.6%	6,821	-7.6% (+3.6%)
Business Segment Profit	550	500	10.0%	549	0.1%
Business Segment Profit Ratio	8.7%	7.8%		8.1%	
Operating Profit	550	485	13.4%	586	-6.2%
Operating Profit Ratio	8.7%	7.6%		8.6%	
Income before Tax	550	485	13.4%	572	-3.8%
Net Income	390	335	16.4%	412	-5.4%
Exchange Rates					
USD	105.47	106.09		120.16	
EUR	117.09	117.25		132.36	

<Main points for revised forecast>

•Sales revenue

With consideration of the current progress, the sales forecast has been revised downward.

•Business segment profit

The forecast for the P&S business has been revised upward because profitability has been steadily improving.

The forecast for the P&H business has been revised downward with consideration of the impact arising from changes in the model mix.

The forecast for the Machinery business has been revised downward due to the downwardly-revised forecasts for industrial sewing machines and industrial parts.

Next is about the revised forecast.

Unfortunately, we revised sales revenue downward by 10 billion yen, but adjusted profits up.

As for sales revenue, we lowered the previous forecast in every business segment to reflect conditions in respective businesses and regions.

Regarding profitability, business segment profit was revised up by 5 billion in the whole Brother Group.

Forecast for 2016 by business segment

brother
at your side

(100 Millions of Yen)

Sales Revenue	FY16 Forecast	Previous Forecast	Rate of Change	FY15	Rate of Change	Rate of Change (w/o forex impact)
Total	6,300	6,400	-1.6%	6,821	-7.6%	3.6%
Printing & Solutions	3,716	3,743	-0.7%	4,150	-10.5%	1.8%
Personal & Home	461	474	-2.8%	510	-9.7%	3.0%
Machinery & Solution	902	936	-3.7%	993	-9.2%	-2.7%
Network & Contents	502	518	-3.1%	539	-6.8%	-6.6%
Domino business	571	582	-1.8%	483	18.3%	45.5%
Other	148	147	0.7%	146	0.8%	-1.4%

Business Segment Profit	FY16 Forecast	Previous Forecast	Rate of Change	FY15	Rate of Change
Total	550	500	10.0%	549	0.1%
Printing & Solutions	420	345	21.7%	336	25.2%
Personal & Home	25	34	-26.5%	48	-47.4%
Machinery & Solution	46	58	-20.7%	114	-59.7%
Network & Contents	18	20	-10.0%	22	-17.3%
Domino business	37	38	-2.6%	38	-
Other	4	5	-20.0%	12	-66.1%
Adjustment	-	-	-	-20	-

Operating Profit	FY16 Forecast	Previous Forecast	Rate of Change	FY15	Rate of Change
Total	550	485	13.4%	586	-6.1%
Printing & Solutions	433	338	28.1%	390	11.0%
Personal & Home	25	34	-26.5%	49	-48.7%
Machinery & Solution	48	56	-14.3%	114	-57.8%
Network & Contents	4	18	-77.8%	-5	-
Domino business	36	34	5.9%	35	-
Other	4	5	-20.0%	23	-82.6%
Adjustment	-	-	-	-20	-

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Please see the data of the business profit segment on this page.

The forecast for the P&S business was revised upward by 7.5 billion yen from our previous forecast of 34.5 billion yen to 42 billion yen. Although the sales forecast for the P&S business was slightly lowered, the profit forecast for it was raised up to reflect the positive effects of our approaches for enhancing profitability.

The P&H business and the Machinery business each lowered their forecasts by 1 billion.

In the P&H business, as mentioned in the performance section, the sales of high-end models fell below expectations especially in the Americas and the model mix became unbalanced. The revised forecast reflects these negative factors.

The forecast for the Machinery business was revised downward, reflecting the downwardly-revised forecasts for industrial sewing machines and industrial parts.

Appendix

Actual for 2016Q2 by business segment



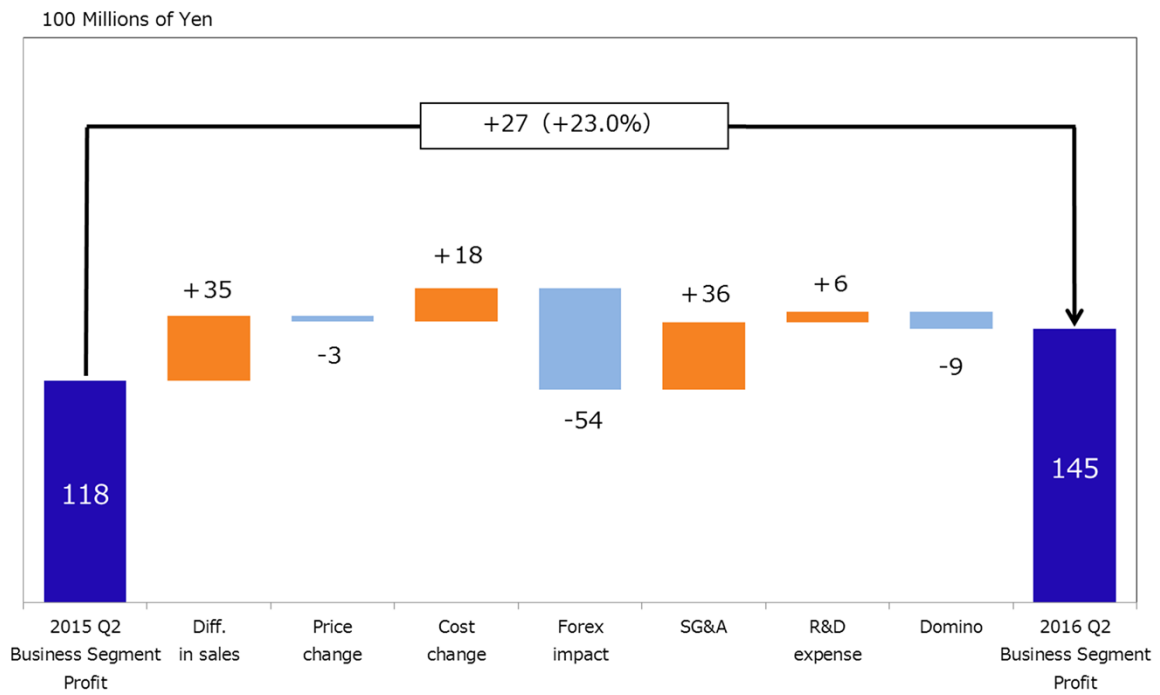
(100 Millions of Yen)

Sales Revenue	16Q2	15Q2	Rate of Change	Rate of Change (w/o forex impact)
Total	1,527	1,774	-13.9%	0.7%
Printing & Solutions	915	1,031	-11.2%	4.6%
Personal & Home	111	138	-19.6%	-4.9%
Machinery	207	235	-11.9%	-3.3%
Network & Contents	120	155	-22.7%	-22.4%
Domino business	137	168	-18.3%	13.8%
Other	38	48	-20.8%	-20.8%

Business Segment Profit	16Q2	15Q2	Rate of Change
Total	145	118	23.5%
Printing & Solutions	112	40	179.4%
Personal & Home	5	19	-74.2%
Machinery	10	23	-56.3%
Network & Contents	6	11	-47.7%
Domino business	11	20	-45.6%
Other	2	5	-64.0%
Adjustment	0	0	-

Operating Profit	16Q2	15Q2	Rate of Change
Total	151	139	8.6%
Printing & Solutions	124	53	134.8%
Personal & Home	5	19	-74.2%
Machinery	12	21	-43.7%
Network & Contents	-3	11	-124.0%
Domino business	11	18	-40.9%
Other	2	18	-86.9%
Adjustment	0	0	-

Main Factors for Changes in Business Segment Profit



Printing & Solutions Sales Revenue & Operating Profit

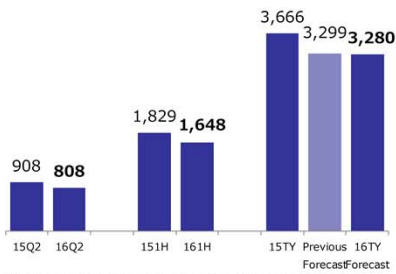


(100 Millions of Yen)

	15Q2	16Q2	Change	Change x FX	151H	161H	Change	Change x FX	15TY	Previous Forecast	16TY Forecast	Change	Change x FX
Sales Revenue	1,031	915	-11.2%	4.6%	2,070	1,868	-9.7%	3.6%	4,150	3,743	3,716	-10.5%	1.8%
Communications & Printing equipment	908	808	-11.0%	4.9%	1,829	1,648	-9.9%	3.4%	3,666	3,299	3,280	-10.5%	1.7%
Americas	364	303	-16.6%	0.4%	712	630	-11.5%	3.7%	1,393	1,225	1,238	-11.1%	3.0%
Europe	264	261	-1.0%	20.3%	571	513	-10.1%	4.8%	1,221	1,043	1,054	-13.7%	0.0%
Asia & Others	164	134	-18.7%	-3.1%	330	275	-16.7%	-1.6%	600	543	532	-11.3%	2.7%
Japan	116	111	-4.9%	-4.9%	216	230	6.3%	6.3%	453	488	456	0.7%	0.7%
Electronic stationery	123	107	-13.2%	2.9%	240	220	-8.5%	5.4%	484	444	436	-9.9%	2.8%
Americas	59	52	-11.7%	5.1%	117	107	-8.4%	6.2%	230	209	207	-10.0%	3.6%
Europe	35	30	-14.8%	3.5%	70	63	-10.8%	3.6%	147	129	128	-12.7%	0.7%
Asia & Others	18	16	-11.4%	6.7%	35	32	-7.7%	9.8%	69	63	63	-8.7%	6.3%
Japan	10	8	-19.2%	-19.2%	18	18	-1.7%	-1.7%	38	44	38	-0.4%	-0.4%
Business Segment Profit	40	112	179.4%	-	143	281	96.8%	-	336	336	420	25.2%	-
Operating Profit	53	124	134.8%	-	163	303	85.9%	-	390	338	433	11.1%	-

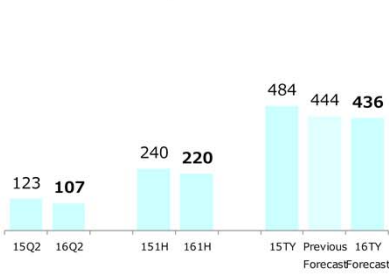
<Sales Revenue>

Communications & Printing equipment

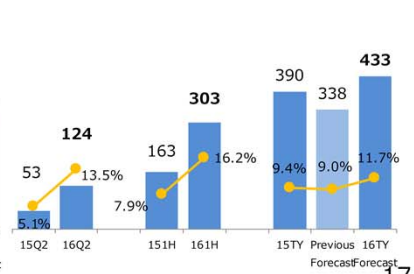


<Sales Revenue>

Electronic stationery



<Operating Profit>



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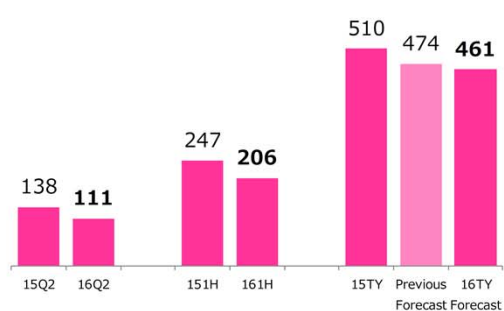
Personal & Home Sales Revenue & Operating Profit



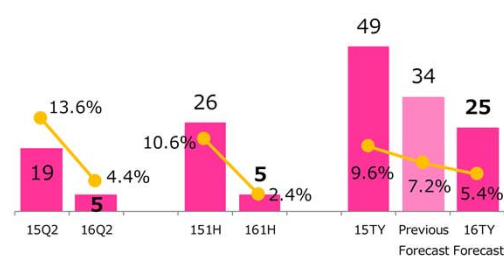
(100 Millions of Yen)

	15Q2	16Q2	Change	Change x FX	151H	161H	Change	Change x FX	15TY	Previous Forecast	16TY Forecast	Change	Change x FX
Sales Revenue	138	111	-19.6%	-4.9%	247	206	-16.5%	-3.7%	510	474	461	-9.7%	3.0%
Americas	90	71	-21.9%	-5.6%	151	119	-21.1%	-6.6%	304	278	270	-11.1%	3.6%
Europe	23	19	-15.7%	-0.1%	45	42	-6.2%	6.4%	101	92	90	-10.9%	1.3%
Asia & Others	15	12	-20.8%	-8.1%	32	27	-16.5%	-3.8%	62	60	57	-7.3%	5.1%
Japan	10	9	-4.7%	-4.7%	19	18	-4.0%	-4.0%	43	45	43	0.0%	0.0%
Business Segment Profit	19	5	-74.1%	-	25	5	-81.9%	-	48	34	25	-47.4%	-
Operating Profit	19	5	-74.2%	-	26	5	-81.1%	-	49	34	25	-49.0%	-

<Sales Revenue>



<Operating Profit>



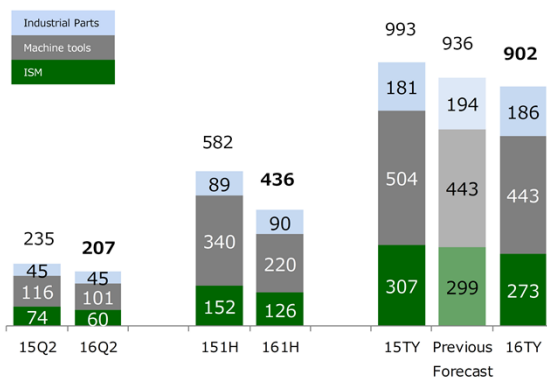
Machinery Business Sales Revenue & Operating Profit



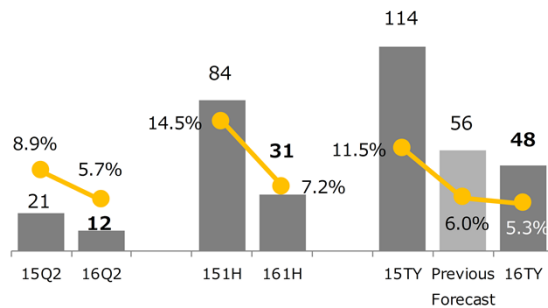
(100 Millions of Yen)

	15Q2	16Q2	Change	Change x FX	151H	161H	Change	Change x FX	15TY	Previous Forecast	16TY Forecast	Change	Change x FX
Sales Revenue	235	207	-11.9%	-3.3%	582	436	-25.0%	-18.9%	993	936	902	-9.2%	-2.7%
Industrial sewing machines	74	60	-18.8%	-2.8%	152	126	-16.9%	-3.8%	307	299	273	-11.1%	2.0%
Machine tools	116	101	-12.4%	-6.7%	340	220	-35.5%	-31.9%	504	443	443	-12.2%	-8.7%
Industrial Parts	45	45	0.7%	4.6%	89	90	1.1%	4.8%	181	194	186	2.4%	5.9%
Business Segment Profit	23	10	-56.3%	-	85	29	-66.0%	-	114	58	46	-59.7%	-
Operating Profit	21	12	-43.7%	-	84	31	-62.9%	-	114	56	48	-57.9%	-

<Sales Revenue>



<Operating Profit>



Machinery Business Sales Revenue & Operating Profit

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(100 Millions of Yen)

	15Q2	16Q2	Change	Change x FX	151H	161H	Change	Change x FX	15TY	Previous Forecast	16TY Forecast	Change	Change x FX
Sales Revenue	235	207	-11.9%	-3.3%	582	436	-25.0%	-18.9%	993	936	902	-9.2%	-2.7%
Industrial sewing machines	74	60	-18.8%	-2.8%	152	126	-16.9%	-3.8%	307	299	273	-11.1%	2.0%
Americas	16	14	-16.4%	-0.1%	32	27	-17.6%	-4.5%	63	55	53	-15.1%	-1.8%
Europe	11	9	-16.9%	-1.4%	23	22	-5.1%	7.7%	46	46	46	-0.8%	12.5%
Asia & Others	45	36	-21.1%	-4.6%	93	75	-19.9%	-6.3%	192	183	168	-12.8%	0.5%
Japan	2	2	12.3%	12.3%	3	3	-6.2%	-6.2%	6	16	7	6.1%	6.1%
Machine tools	116	101	-12.4%	-6.7%	340	220	-35.5%	-31.9%	504	443	443	-12.2%	-8.7%
Americas	7	7	-8.0%	-	13	14	6.3%	-	25	29	29	16.6%	-
Europe	5	5	0.5%	-	13	11	-15.8%	-	19	24	22	11.6%	-
Asia & Others	87	71	-18.4%	-	283	160	-43.2%	-	392	292	305	-22.2%	-
Japan	16	18	13.7%	-	32	35	7.9%	-	68	97	88	28.4%	-
Industrial Parts	45	45	0.7%	4.6%	89	90	1.1%	4.8%	181	194	186	2.4%	5.9%
Americas	7	6	-16.0%	-0.3%	14	13	-5.7%	8.0%	28	28	26	-7.2%	6.2%
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia & Others	4	4	-15.3%	0.6%	8	8	-2.4%	15.3%	15	16	16	11.8%	28.6%
Japan	34	36	6.2%	6.2%	68	70	2.8%	2.8%	139	150	144	3.4%	3.4%
Business Segment Profit	23	10	-56.3%	-	85	29	-66.0%	-	114	58	46	-59.7%	-
Operating Profit	21	12	-43.7%	-	84	31	-62.9%	-	114	56	56	-50.8%	-

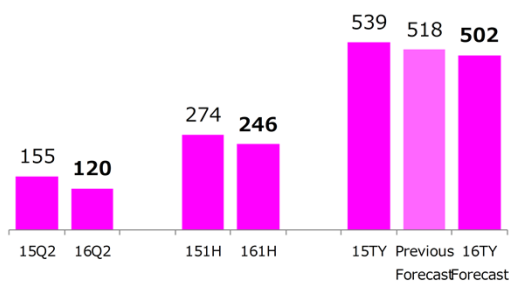
Network & Contents Sales Revenue & Operating Profit



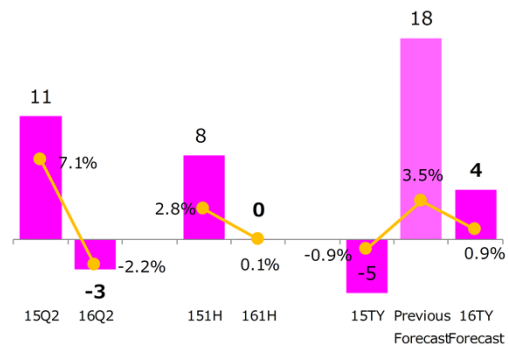
(100 Millions of Yen)

	15Q2	16Q2	Change	151H	161H	Change	15TY	Previous Forecast	16TY Forecast	Change
Sales Revenue	155	120	-22.7%	274	246	-10.4%	539	518	502	-6.8%
Business Segment Profit	11	6	-47.7%	8	10	22.7%	22	20	18	-17.2%
Operating Profit	11	-3	-124.0%	8	0	-98.3%	-5	18	4	-

<Sales Revenue>



<Operating Profit>



Domino Business Sales Revenue & Operating Profit



(100 Millions of Yen)

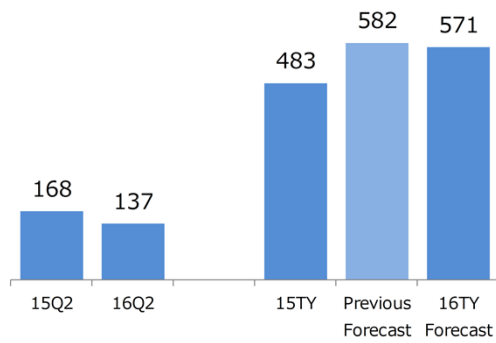
	15Q2	16Q2	Change	Change x FX	15TY	Previous Forecast	16TY Forecast	Change	Change x FX
Sales Revenue	168	137	-18.3%	13.8%	483	582	571	-	-
Americas	38	34	-10.7%	24.4%	112	136	135	-	-
Europe	81	63	-21.7%	9.1%	239	290	278	-	-
Asia & Others	49	40	-18.7%	13.3%	133	156	158	-	-
Business Segment Profit	20	11	-45.6%	-	38	40	37	-	-
Operating Profit	18	11	-40.9%	-	19	40	36	-	-

*The FY 2015 figures are the results for the nine months from the 2nd quarter when Domino became a consolidated company.

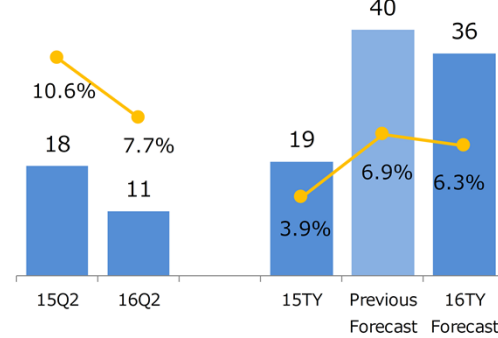
*The figures for FY2016 first half and FY2015 first half are not shown because they are not comparable to each other.

* The growth rates are shown on a British pound basis.

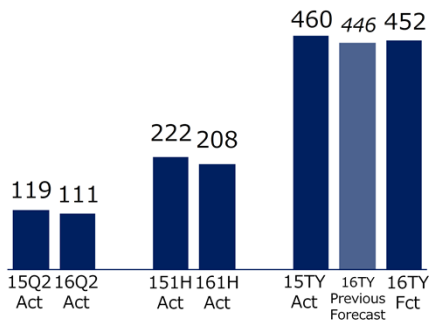
<Sales Revenue>



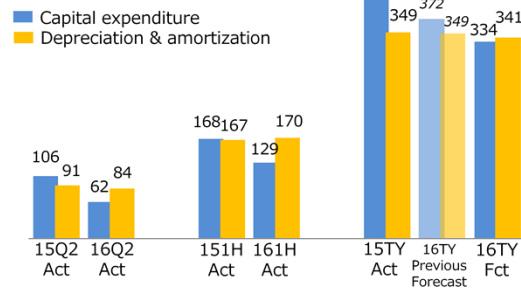
<Operating Profit>



R&D expenses
(100 Millions of Yen)

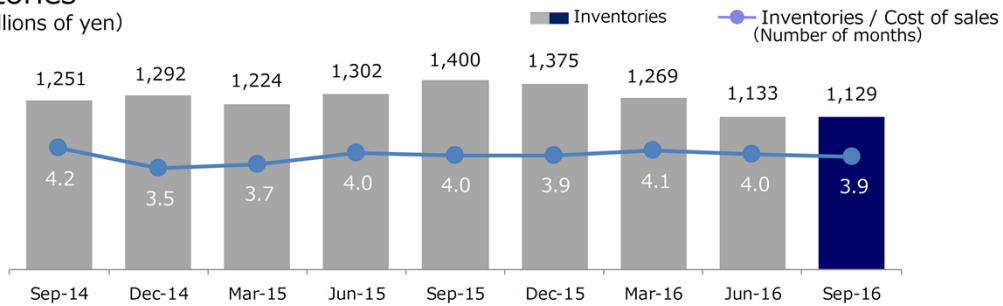


**Capital expenditure /
Depreciation & amortization**
(100 Millions of Yen)



Inventories

(100 Millions of yen)



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