Fiscal Year 2013 (ending March 31, 2014)

First Quarter Results

(3-month results ended June 30, 2013)

Brother Industries, Ltd.

August 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.

Consolidated Results for FY2013 Q1

(100 Millions of Yen)

	Q1 3/2014 [Actual]	Q1 3/2013 [Actual]	Change	Rate of Change (w/o forex impact)
Net Sales	1,393	1,207	186	15.5% (0.5%)
Operating Income	94	115	-21	-18.6%
Operating Income Ratio	6.7%	9.6%	-2.8%	
Non-operating Income (Loss)	-35	7	-42	
Current Profits	59	122	-64	-52.0%
Extraordinary Income (Loss)	0	-4	4	
Income Taxes	46	16	30	
Net Income	13	103	-90	-87.0%

(Yen)

Exchange Rates	USD	97.94	80.40	17.54
	EUR	127.35	103.35	24.00

- ✓ 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 a negative effect from mark-to-market forex derivative losses and a negative impact from forex.
- ✓ Quarterly Net Income significantly decreased due to decreased Current Profits and an increase in income taxes caused by tax effect accounting.

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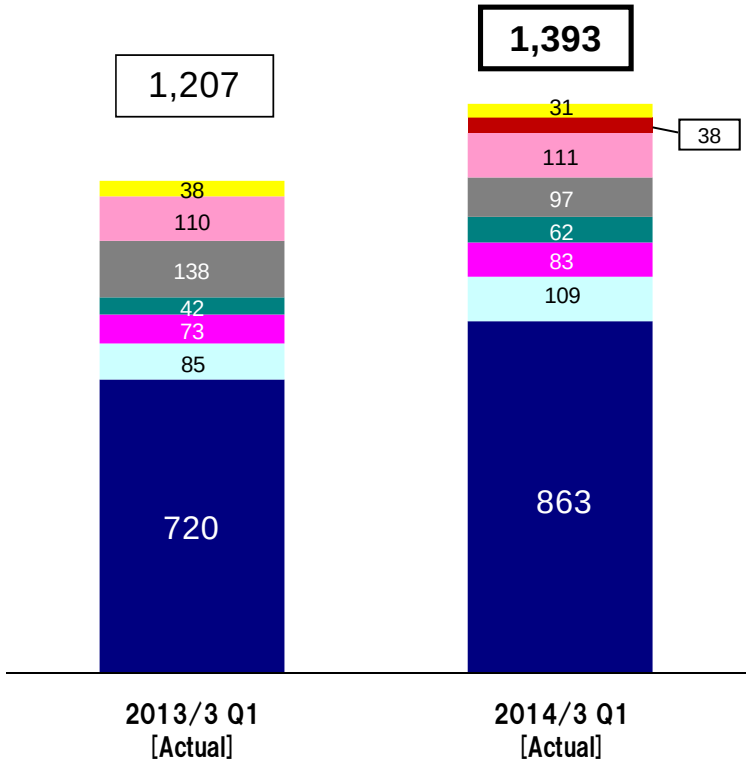
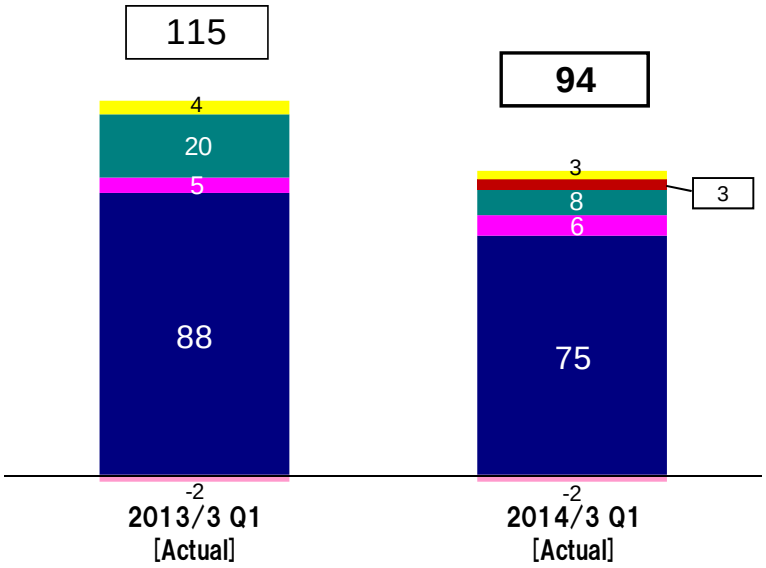
Consolidated Results for FY2013 Q1
Sales and Operating Income by Business Segment

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

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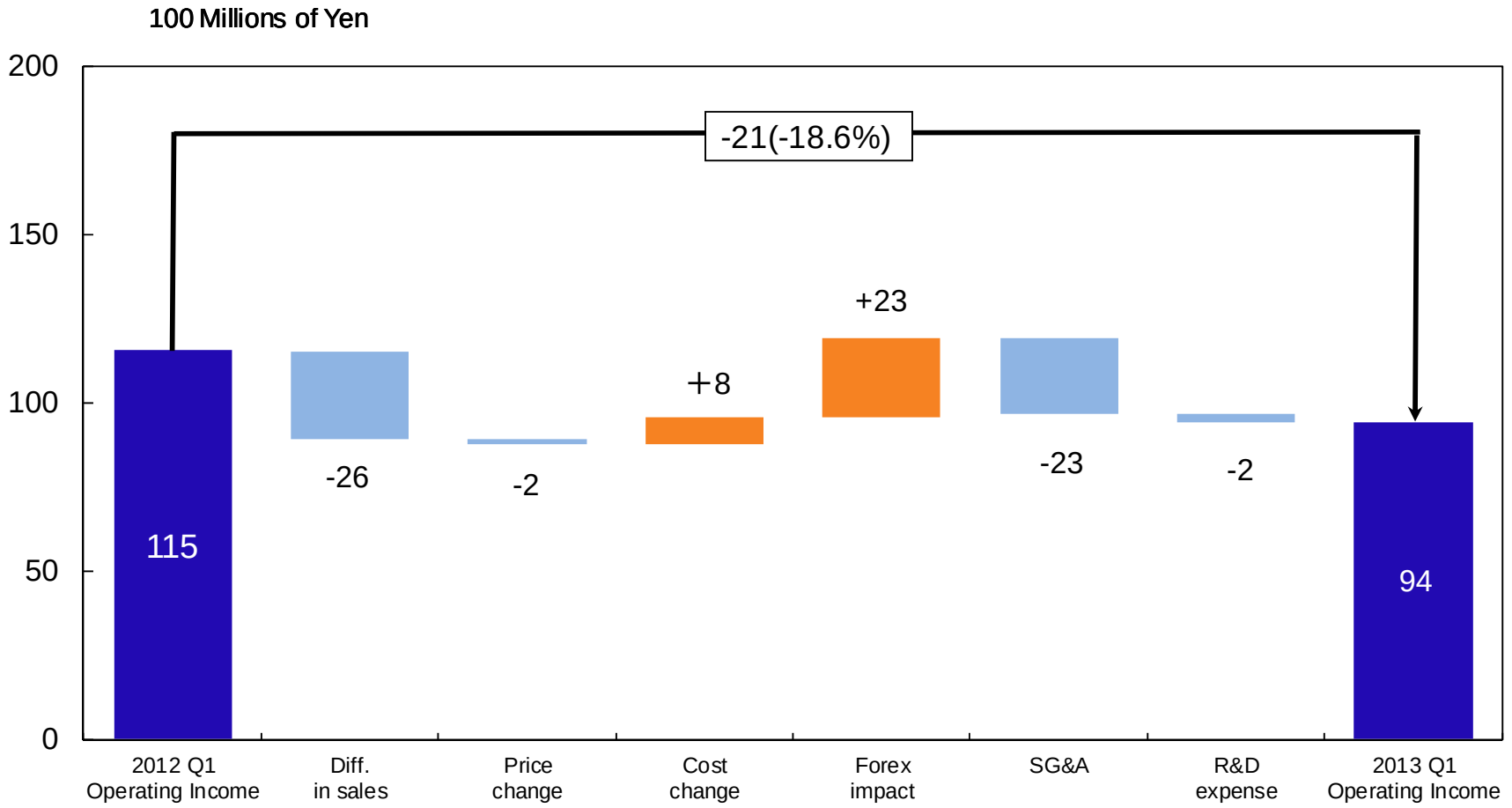
Main Factors for Changes in Operating Income
< FY2013 Q1 >



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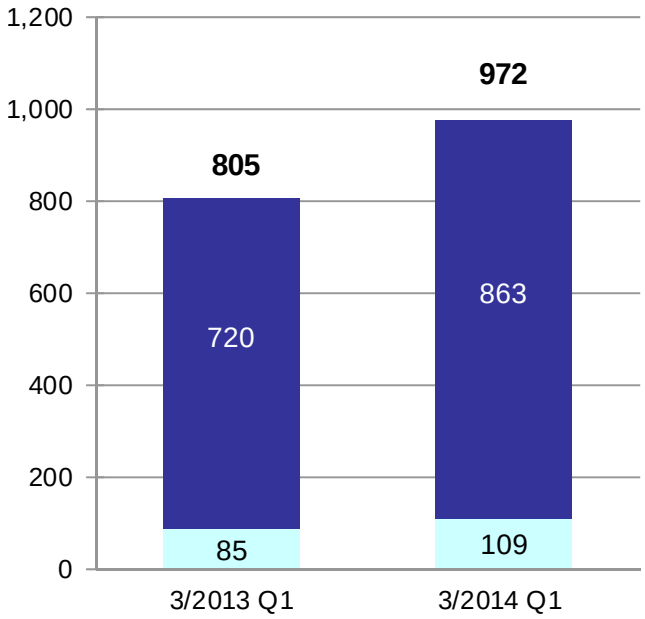
Printing & Solutions Sales & Operating Income
< FY2013 Q1 >

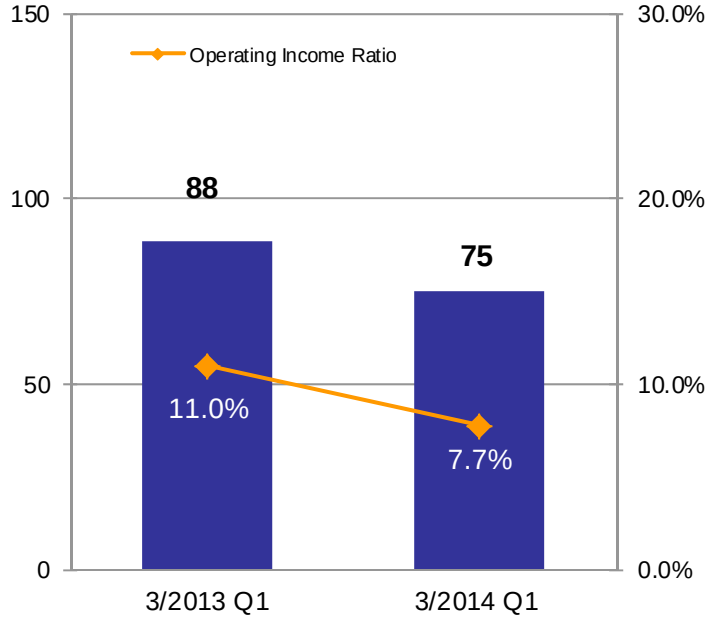
Net Sales
(100 Millions of Yen)



Change**(w/o forex impact)**

Communications & Printing equipment	+19.9% (+1.5%)
Electronic stationery	+28.3% (+8.1%)
Total	+20.8% (+2.2%)

Operating Income
(100 Millions of Yen)



Communications & Printing equipment
Geographical Sales(100 Millions of Yen)

	3/2013 Q1	3/2014 Q1	Change (w/o forex impact)
Americas	269	355	+31.8% (+9.2%)
Europe	243	275	+12.9% (-7.5%)
Asia & Others	102	124	+21.4% (-0.3%)
Japan	106	110	+4.1% (+4.1%)

Electronic stationery
Geographical Sales(100 Millions of Yen)

	3/2013 Q1	3/2014 Q1	Change (w/o forex impact)
Americas	41	52	+26.1% (+4.1%)
Europe	25	31	+20.3% (-1.5%)
Asia & Others	11	15	+37.9% (+13.7%)
Japan	8	12	+52.4% (+52.4%)

- ✓ Although sales in each region increased due to the positive effect of forex, sales in Europe on a local currency basis, amid tough market conditions, decreased on a year-to-year comparison, following the trend of the same period of the previous year.
- ✓ Despite the positive effect of forex, operating income decreased due to an increase in selling and general administrative expenses and a change to the product mix.

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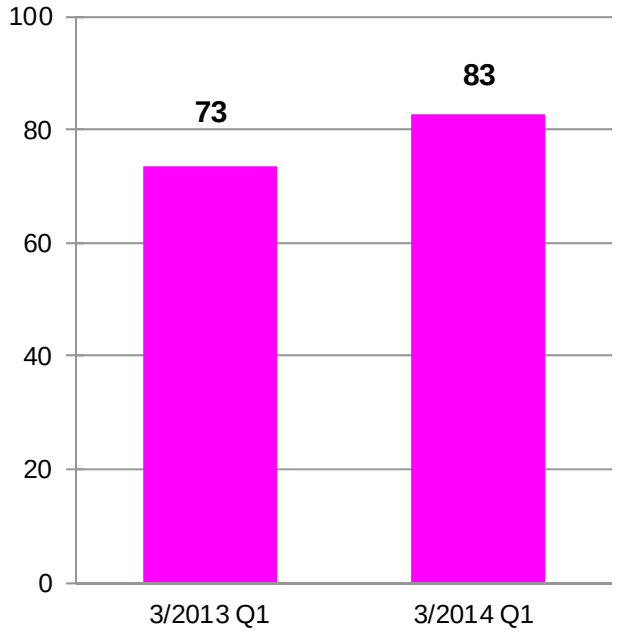
Personal & Home Sales & Operating Income
< FY2013 Q1 >

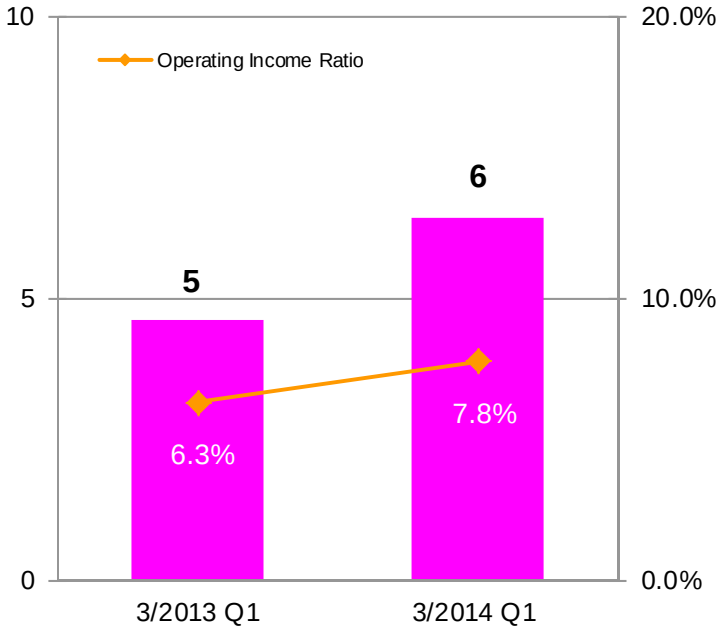
Net Sales
(100 Millions of Yen)



Change**(w/o forex impact)**

Home sew ing machines
+12.4% (-4.3%)

Operating Income
(100 Millions of Yen)



Home sewing machines
Geographical Sales(100 Millions of Yen)

	3/2013 Q1	3/2014 Q1	Change (w/o forex impact)
Americas	34	40	+15.6% (-4.0%)
Europe	19	22	+16.0% (-5.8%)
Asia & Others	7	8	+22.3% (+0.2%)
Japan	14	13	-5.1% (-5.1%)

- ✓ Although sales on a local currency basis showed a year-to-year decrease, sales increased due to the positive effect of forex.
- ✓ Operating income increased partly due to the positive effect of forex.

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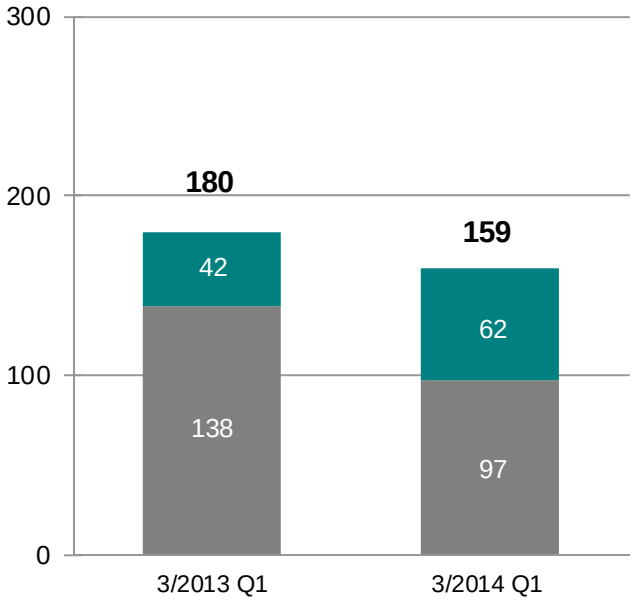
Machinery & Solution Sales & Operating Income
< FY2013 Q1 >

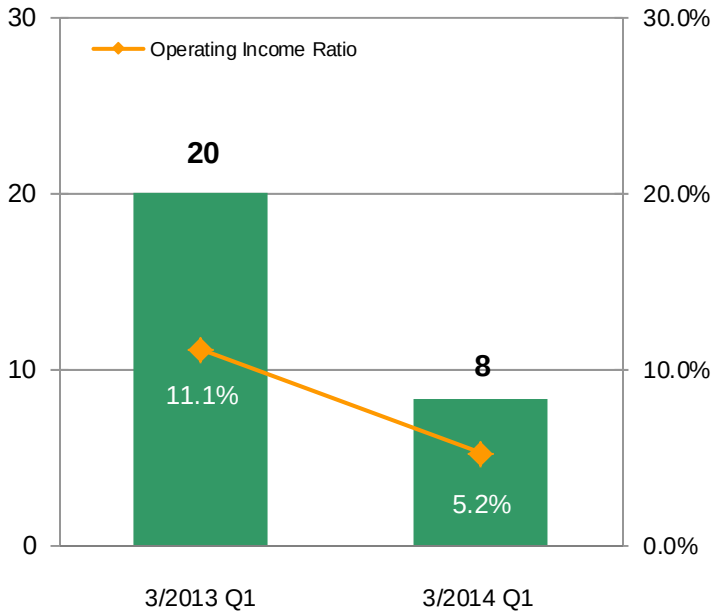
Net Sales
(100 Millions of Yen)



Change**(w/o forex impact)**

Industrial sewing machines	+48.0% (+21.1%)
Machine tools	-29.5% (-33.8%)
Total	-11.5% (-21.0%)

Operating Income
(100 Millions of Yen)



Industrial sewing machines
Geographical Sales(100 Millions of Yen)

	3/2013 Q1	3/2014 Q1	Change (w/o forex impact)
Americas	9	11	+29.7% (+6.5%)
Europe	7	9	+25.8% (+2.1%)
Asia & Others	25	41	+61.6% (+31.3%)
Japan	1	1	+20.9% (+20.9%)

Machine tools
Geographical Sales(100 Millions of Yen)

	3/2013 Q1	3/2014 Q1	Change
Americas	5	5	-0.9%
Europe	4	3	-30.9%
Asia & Others	115	82	-28.6%
Japan	14	7	-47.4%

- ✓ 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.

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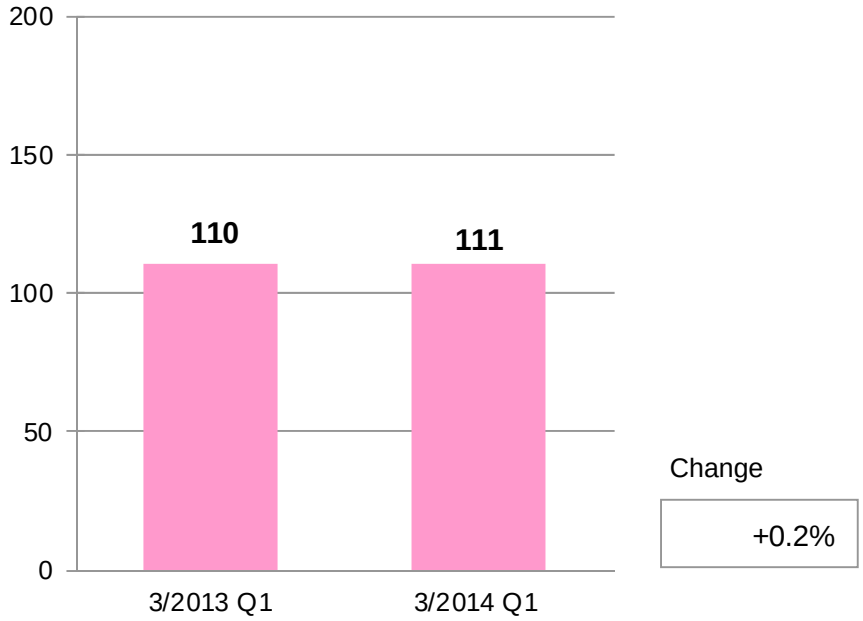
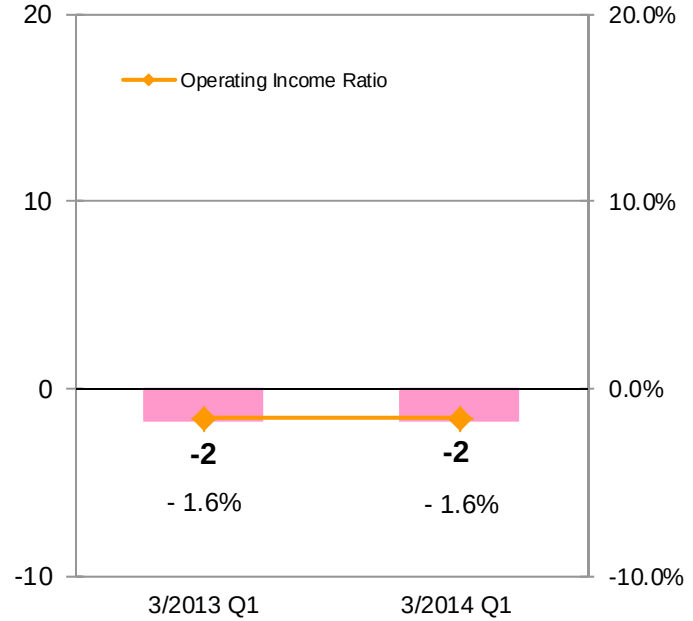
Network & Contents Sales & Operating Income
< FY2013 Q1 >

Net Sales
(100 Millions of Yen)



Operating Income
(100 Millions of Yen)



✓ Both sales and operating income were at the same low level as the previous year due to a slow season.

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

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

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(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	5,850	5,161	689	13.4% (+4.6%)	5,700	150
Operating Income	350	298	52	17.5%	320	30
Operating Income Ratio	6.0%	5.8%	0.2%		5.6%	0.4%
Non-operating Income (Loss)	-30	-66	36		0	-30
Current Profits	320	231	89	38.3%	320	-
Extraordinary Income (Loss)	-15	48	-63		-15	-
Income Taxes	120	101	19		120	-
Net Income	185	178	7	3.8%	185	-

(Yen)

Exchange Rates	USD	92.84	83.23	90.00
	EUR	122.78	107.57	115.00

Changes from the previous forecast

- ✓ As for Sales, the effect of a change to the assumed Euro currency rate and the rise of expected sales of communications & printing equipment in the Americas have been factored in.
- ✓ As for Operating Income, the effect of a change to the assumed Euro currency rate has been mainly factored in.
- ✓ As for Current Profits and Net Income, a negative impact from forward exchange contracts has been factored in. These figures have remained unchanged since the previous forecast.

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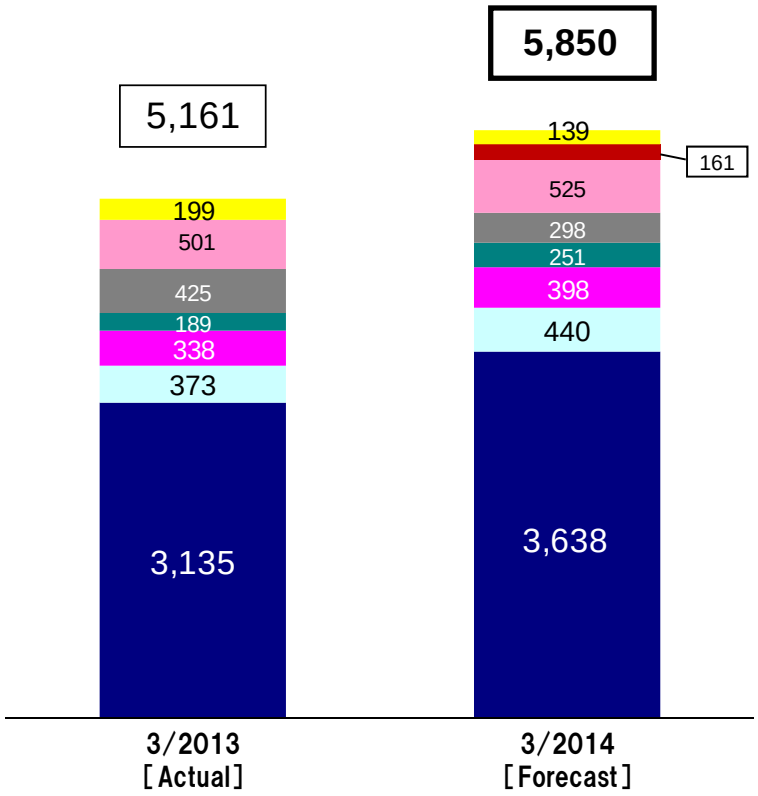
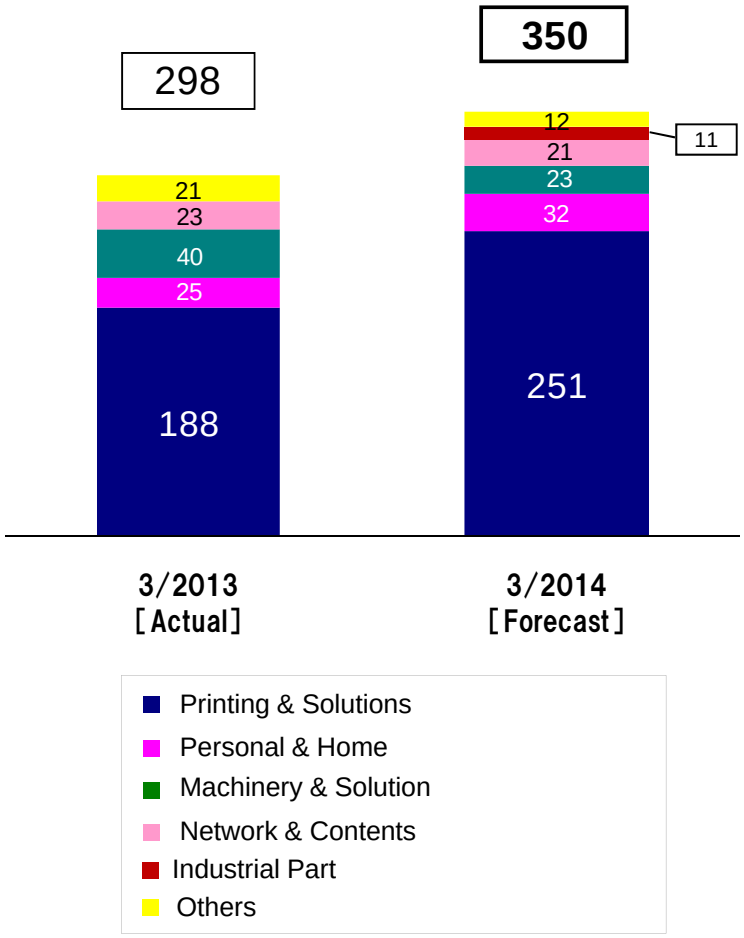
Consolidated Forecast for FY2013 (ending March 31,2014)
Sales and Operating Income by Business Segment

brother at your side

Net Sales
(100 Millions of Yen)



Operating Income
(100 Millions of Yen)



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Printing & Solutions Sales & Operating Income
< Forecast for FY2013(ending March 31,2014) >

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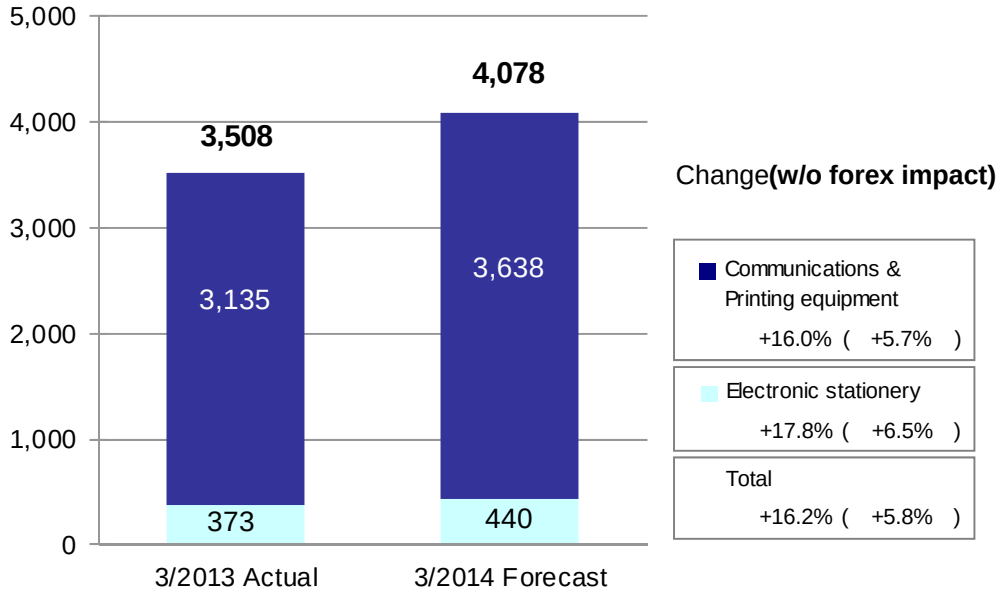
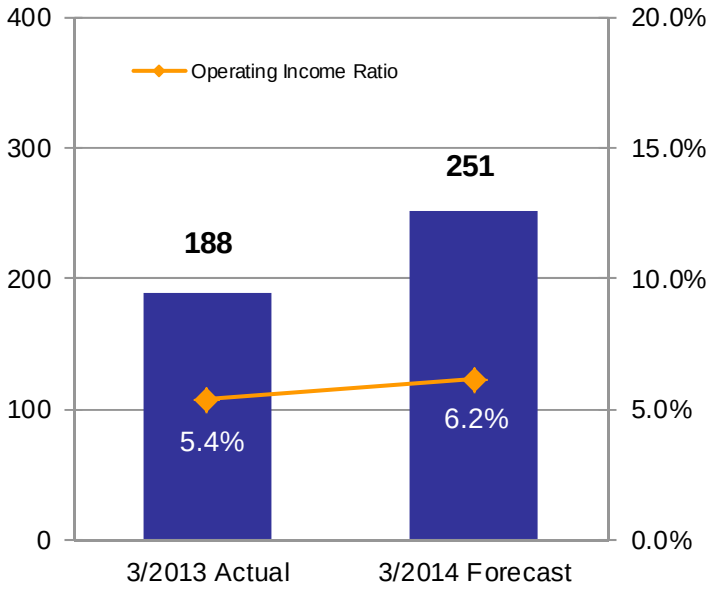
Net Sales
(100 Millions of Yen)



Change**(w/o forex impact)**

Communications & Printing equipment	+16.0% (+5.7%)
Electronic stationery	+17.8% (+6.5%)
Total	+16.2% (+5.8%)

Operating Income
(100 Millions of Yen)



Communications &Printing equipment
Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Forecast	Change (w/o forex impact)
Americas	1,193	1,398	+17.2% (+5.3%)
Europe	1,081	1,243	+14.9% (+1.8%)
Asia & Others	406	492	+21.2% (+11.1%)
Japan	454	505	+11.2% (+11.2%)

Electronic stationery
Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Forecast	Change (w/o forex impact)
Americas	176	206	+17.4% (+5.0%)
Europe	114	136	+19.6% (+5.6%)
Asia & Others	43	53	+23.3% (+11.8%)
Japan	41	45	+9.2% (+9.2%)

- ✓ Sales are expected to increase mainly in Asia & Others due to strategic products launched in emerging countries.
- ✓ Despite the increase of fixed cost for future growth, operating income is expected to increase due to the positive effect from forex

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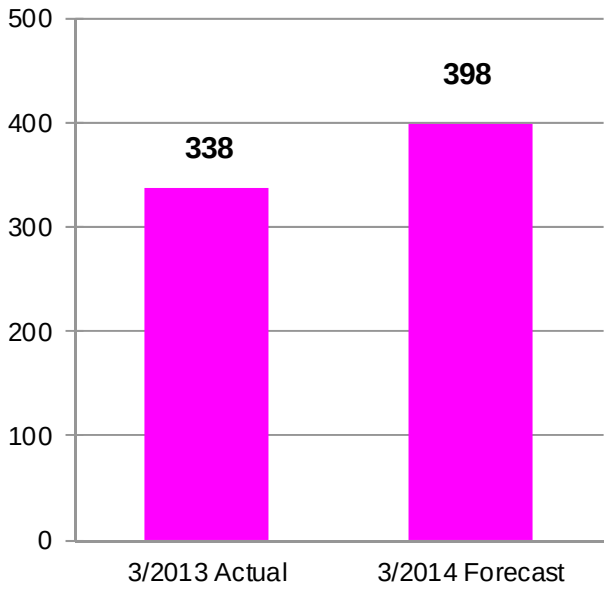
Personal & Home Sales & Operating Income
< Forecast for FY2013(ending March 31,2014) >

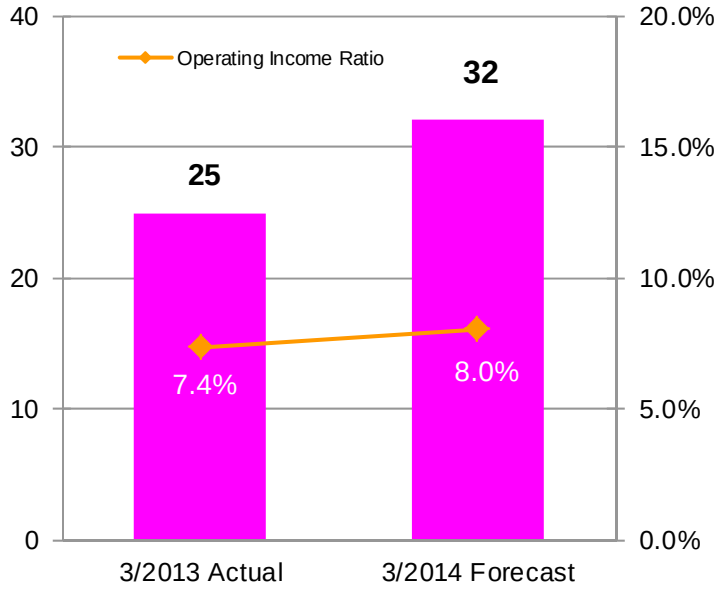
Net Sales
(100 Millions of Yen)



Change**(w/o forex impact)**

Home sew ing machines
+17.7% (+7.3%)

Operating Income
(100 Millions of Yen)



Home sewing machines

Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Forecast	Change (w/o forex impact)
Americas	174	205	+17.9% (+5.8%)
Europe	78	91	+17.1% (+2.1%)
Asia & Others	28	35	+26.3% (+16.4%)
Japan	59	67	+14.3% (+14.3%)

- ✓ Sales are expected to increase due to the positive effect from forex and sales expansion in Asian regions and emerging countries.
- ✓ Operating income is expected to increase due to the profit from sales increase and the positive effect from forex.

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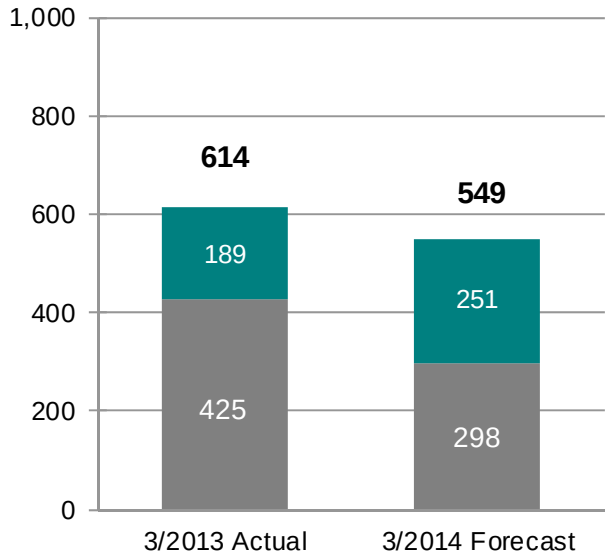
Machinery & Solution Sales & Operating Income
< Forecast for FY2013(ending March 31,2014) >

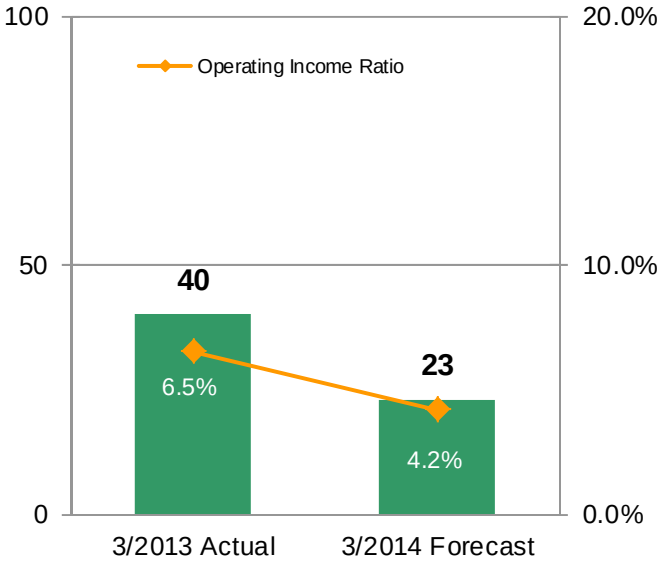
Net Sales
(100 Millions of Yen)



Change**(w/o forex impact)**

Industrial sewing machines	+32.7% (+18.2%)
Machine tools	-29.9% (-34.6%)
Total	-10.6% (-18.3%)

Operating Income
(100 Millions of Yen)



Industrial sewing machines
Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Forecast	Change (w/o forex impact)
Americas	36	42	+16.0% (+3.4%)
Europe	30	39	+30.4% (+14.3%)
Asia & Others	117	166	+41.3% (+25.8%)
Japan	5	4	-27.3% (-27.3%)

Machine tools
Geographical Sales(100 Millions of Yen)

	3/2013 Actual	3/2014 Forecast	Change
Americas	20	18	-9.8%
Europe	11	13	+11.8%
Asia & Others	348	232	-33.3%
Japan	46	35	-22.9%

- ✓ Sales of Industrial Sewing Machine are expected to increase due to economic recovery.
- ✓ Sales of Machine Tools are expected to decrease due to caused by a decline in demand from clients in IT related industries.
- ✓ Operating income is expected to decrease mainly due to a decrease in sales of Machine Tools.

*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.

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Network & Contents Sales & Operating Income
< Forecast for FY2013(ending March 31,2014) >

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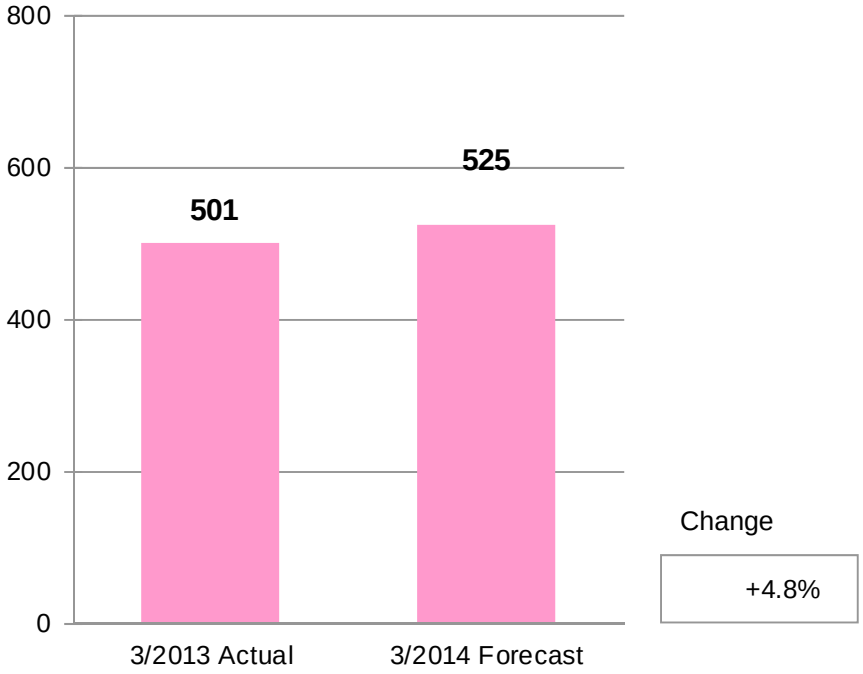
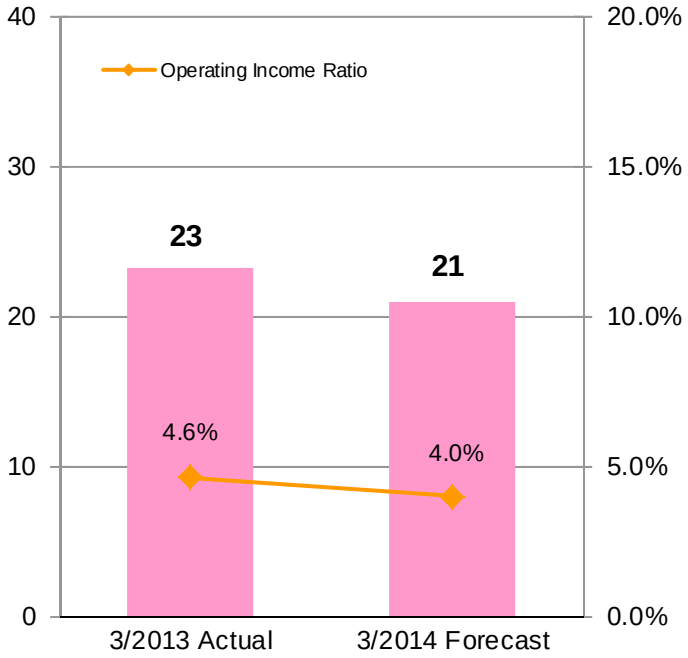
Net Sales
(100 Millions of Yen)



Operating Income
(100 Millions of Yen)



- ✓ Sales are expected to increase with income from lease of karaoke devices.
- ✓ Operating income is expected to secure profits.

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

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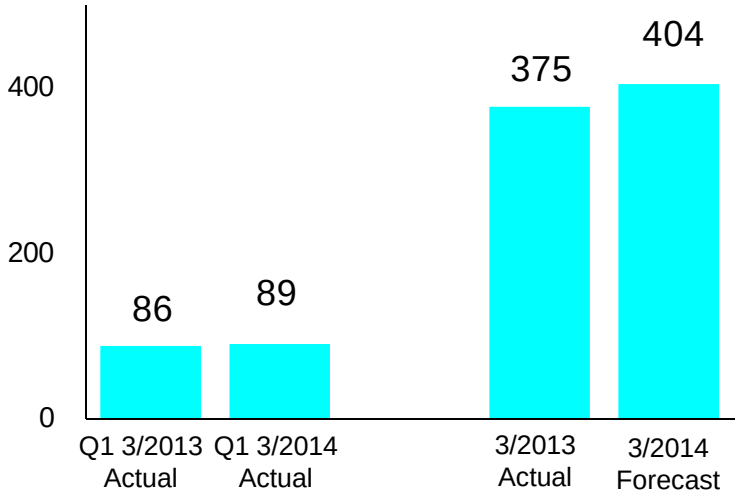
R&D expenses, Capital expenditure, Depreciation and amortization and Inventories

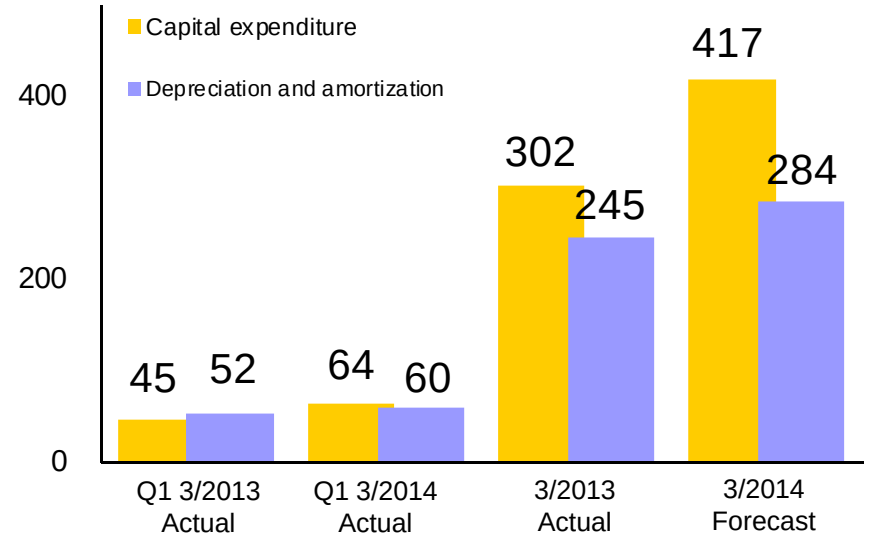
R&D expenses

(100 Millions of Yen)



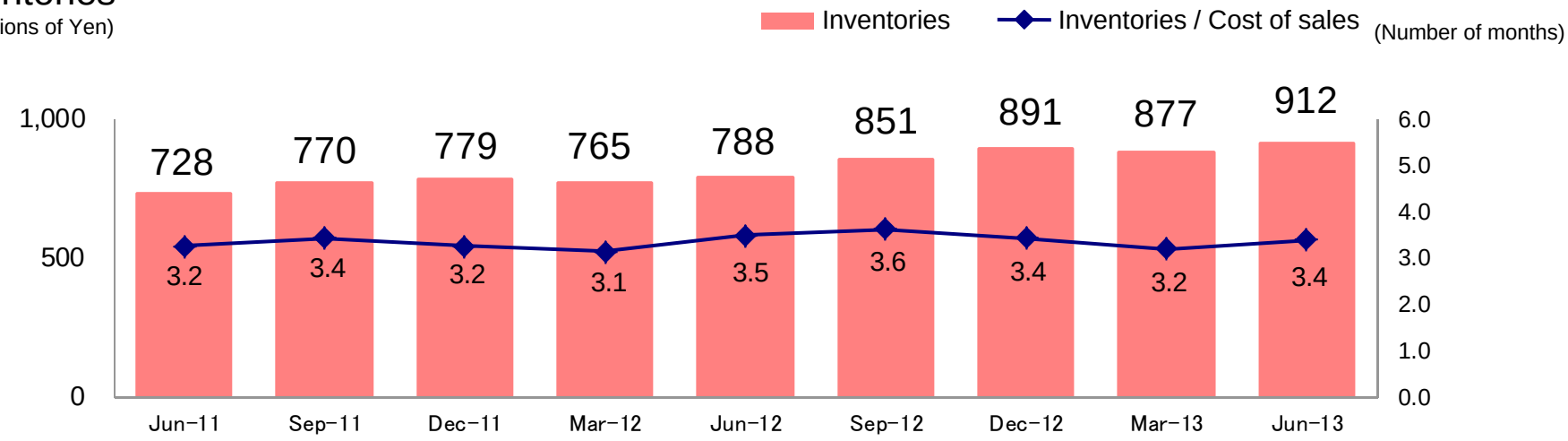
Capital expenditure and Depreciation and amortization

(100 Millions of Yen)



Inventories

(100 Millions of Yen)



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