May 9, 2016
Brother Industries, Ltd.

Company name: Brother Industries, Ltd.
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Notice Concerning Recognition of Extraordinary Loss on Valuation of Investment in Subsidiary in Non-consolidated Financial Results

Brother Industries, Ltd. (“Brother” hearafter) announced today that it expects to recognize a loss on valuation of investment in a subsidiary as an extraordinary loss in its non-consolidated financial results for the fiscal year ended March 31, 2016 (under Japanese GAAP).

1. Explanation of Extraordinary Loss

The financial condition of XING Inc.(“XING” hereafter), a subsidiary of Brother, has deterionated, causing the fair value of XING shares to decline significantly. As a result of this decline, the investment in XING is deemed as impaired, and according to Japanese Accounting Standard for Finacial Instruments, Brother expects to record an extraordinary loss on valuation of investment in XING amounting to 10,212 million yen.

Brother expects to recognize the above amount as an extraordinary loss on its non-consolidated financial results (under Japanese GAAP). Loss on valuation of investment in subsidiariesis is eliminated on consolidation. Therefore, there will be no impact on its consolidated earnings.

2. Future Outlook

The impact of the extraordinary loss has been factored into “Consolidated Results of Fiscal Year ended March 31, 2016”, released separately today (May 9, 2016).