

Highlights of Consolidated Results for the 1st Quarter of Fiscal Year ending March 31, 2019

	Millions of yen (except for per share amounts)			Change
	Three months ended	Three months ended		
	June 30, 2017	June 30, 2018		
Revenue	Y 167,728	Y 171,095		2.0 %
Business segment profit	17,497	20,477		17.0 %
Operating profit	12,603	22,255		76.6 %
Profit before income taxes	12,984	22,502		73.3 %
Profit for the period	9,322	16,627		78.4 %
Profit for the period attributable to owners of the parent company	9,146	16,565		81.1 %
Comprehensive income for the period	20,928	12,502		-40.3 %
Basic earnings per share for the period (yen)	35.23	63.79		
Diluted earnings per share for the period (yen)	35.12	63.60		

(Note) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

	As of	As of	Change
	March 31, 2018	June 30, 2018	
Total assets	Y 708,278	Y 703,946	
Total equity	412,494	416,667	
Equity attributable to owners of the parent company	395,514	399,783	
Equity attributable to owners of the parent company ratio	55.8 %	56.8 %	
Equity attributable to owners of the parent company per share (yen)	1,523.09	1,539.43	

Highlights of Consolidated Forecast for Fiscal Year ending March 31, 2019

	Millions of yen (except for per share amounts)			Change
	Year ended	[Forecast]		
	March 31, 2018	Year ending March 31, 2019		
Revenue	Y 712,997	Y 690,000		-3.2 %
Business segment profit	77,229	71,000		-8.1 %
Operating profit	68,672	70,000		1.9 %
Profit before income taxes	69,669	70,000		0.5 %
Profit for the period	50,472	52,500		4.0 %
Profit for the period attributable to owners of the parent company	50,020	52,000		4.0 %
Basic earnings per share for the period (yen)	192.08	200.25		
Dividends per common share (yen)	54.00	60.00		

(Note 1) No change has been made to forecasted operating results from the most recent announcement.

(Note 2) No change has been made to forecasted dividends per common share from the most recent announcement.

(Note 3) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

Notes:

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
- Amounts less than 1 million yen have been rounded down.
- Yen amounts for the three months ended June 30, 2018 have been translated into U.S. dollars for convenience only, at a uniform rate of US\$1=111.00 yen, in the accompanying consolidated financial statements.
- Operating results for the three months ended June 30, 2018 are based on the following currency exchange rates:
Actual average rates for the three months ended June 30, 2018: US\$=108.71 yen, EURO=129.39 yen
Forecasts for the year ending March 31, 2019 are based on the following currency exchange rates:
Assumed average rates for the year ending March 31, 2019: US\$=107.00 yen, EURO=128.00 yen
- Number of shares outstanding (including treasury stock): 262,220 thousands as of March 31, 2018, 262,220 thousands as of June 30, 2018
Number of treasury stock outstanding: 2,541 thousands as of March 31, 2018, 2,525 thousands as of June 30, 2018
Number of weighted average shares: 259,654 thousands during the three months ended June 30, 2017, 259,692 thousands during the three months ended June 30, 2018
- Changes in Accounting Policies: The Brother Group adopted IFRS 15 "Revenue from Contracts with Customers" as of April 1, 2018.
The Group applied this standard in compliance with the transition provisions, thereby recognizing the cumulative effects of adoption of this standard as an adjustment to the opening balance of retained earnings as at the beginning of the current fiscal year.

The above-mentioned forecasts are the results of estimations based on outlook for economic environment and predictions at the time of this announcement. The actual results of business performance may sometimes differ from these forecasts due to various factors.

Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2018	As of June 30, 2018	As of June 30, 2018
Assets			
Current assets			
Cash and cash equivalents	Y 121,384	Y 120,089	\$ 1,081,883
Trade and other receivables	104,624	100,463	905,072
Other financial assets	9,272	9,914	89,315
Inventories	116,967	124,040	1,117,477
Other current assets	14,211	13,166	118,613
Subtotal	366,459	367,675	3,312,387
Non-current assets classified as held for sale	174	172	1,550
Total current assets	366,633	367,848	3,313,946
Non-current assets			
Property, plant and equipment	120,320	118,734	1,069,676
Investment property	6,465	6,451	58,117
Goodwill and intangible assets	153,913	149,086	1,343,117
Investments accounted for using the equity method	1,498	1,435	12,928
Other financial assets	38,681	38,603	347,775
Deferred tax assets	13,489	14,213	128,045
Other non-current assets	7,275	7,573	68,225
Total non-current assets	341,644	336,098	3,027,910
Total assets	Y 708,278	Y 703,946	\$ 6,341,856
Equity and liabilities			
Liabilities			
Current liabilities			
Trade and other payables	Y 68,189	Y 67,519	\$ 608,279
Bonds and borrowings	21,894	20,499	184,676
Other financial liabilities	3,328	2,380	21,441
Income taxes payable	6,099	6,026	54,288
Provisions	4,823	4,187	37,721
Contract liabilities	-	3,940	35,495
Other current liabilities	52,676	45,062	405,964
Subtotal	157,012	149,617	1,347,901
Liabilities directly associated with assets classified as held for sale	27	-	-
Total current liabilities	157,039	149,617	1,347,901
Non-current liabilities			
Bonds and borrowings	94,552	96,539	869,721
Other financial liabilities	12,040	9,784	88,144
Retirement benefits liabilities	17,610	17,361	156,405
Provisions	3,141	3,088	27,820
Deferred tax liabilities	8,257	7,867	70,874
Contract liabilities	-	891	8,027
Other non-current liabilities	3,143	2,128	19,171
Total non-current liabilities	138,743	137,661	1,240,189
Total liabilities	295,783	287,279	2,588,099
Equity			
Capital stock	19,209	19,209	173,054
Capital surplus	17,517	17,500	157,658
Retained earnings	427,842	435,883	3,926,874
Treasury stock	(2,800)	(2,778)	(25,027)
Other components of equity	(66,255)	(70,032)	(630,919)
Equity attributable to owners of the parent company	395,514	399,783	3,601,649
Non-controlling interests	16,980	16,883	152,099
Total equity	412,494	416,667	3,753,757
Total equity and liabilities	Y 708,278	Y 703,946	\$ 6,341,856

Consolidated Statement of Income

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30, 2017	Three months ended June 30, 2018	Three months ended June 30, 2018
Revenue	Y 167,728	Y 171,095	\$ 1,541,396
Cost of sales	(97,345)	(98,125)	(884,009)
Gross profit	70,382	72,969	657,378
Selling, general and administrative expenses	(52,884)	(52,492)	(472,901)
Other income	800	2,272	20,468
Other expenses	(5,694)	(493)	(4,441)
Operating profit	12,603	22,255	200,495
Finance income	719	2,368	21,333
Finance expenses	(408)	(2,139)	(19,270)
Share of profit/(loss) of investments accounted for using the equity method	70	18	162
Profit before income taxes	12,984	22,502	202,721
Income tax expenses	(3,662)	(5,875)	(52,928)
Profit for the period	9,322	16,627	149,793
Profit for the period attributable to:			
Owners of the parent company	9,146	16,565	149,234
Non-controlling interests	175	62	559
Profit for the period	Y 9,322	Y 16,627	\$ 149,793
Earnings per share:	Yen	Yen	U.S. dollars
Basic earnings per share	Y 35.23	Y 63.79	\$ 0.57
Diluted earnings per share	35.12	63.60	0.57

Consolidated Statement of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30, 2017	Three months ended June 30, 2018	Three months ended June 30, 2018
Profit for the period	Y 9,322	Y 16,627	\$ 149,793
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Gains/(Losses) on investments in equity instruments designated as FVTOCI	1,016	(342)	(3,081)
Total of items that will not be reclassified subsequently to profit or loss	1,016	(342)	(3,081)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	165	-	-
Exchange differences on translating foreign operations	10,423	(3,781)	(34,063)
Total of items that may be reclassified subsequently to profit or loss	10,589	(3,781)	(34,063)
Other comprehensive income for the period, net of income tax	11,605	(4,124)	(37,153)
Comprehensive income for the period	20,928	12,502	112,631
Comprehensive income for the period attributable to:			
Owners of the parent company	20,712	12,465	112,297
Non-controlling interests	216	37	333
Comprehensive income for the period	Y 20,928	Y 12,502	\$ 112,631

Consolidated Statement of Changes in Equity

Three months ended June 30, 2017

Millions of yen

	Equity attributable to owners of the parent company										Non-controlling interests	Total equity
	Other components of equity							Total	Total			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Cash flow hedges	Gains/(Losses) on investments in equity instruments designated as FVTOCI					
Balance as of April 1, 2017	19,209	17,455	407,843	(24,230)	(75,055)	(161)	-	(75,216)	345,061	16,647	361,709	
Profit for the period	-	-	9,146	-	-	-	-	-	9,146	175	9,322	
Other comprehensive income	-	-	-	-	10,421	165	979	11,565	11,565	40	11,605	
Total comprehensive income for the period	-	-	9,146	-	10,421	165	979	11,565	20,712	216	20,928	
Acquisition of treasury stock	-	-	-	(4)	-	-	-	-	(4)	-	(4)	
Disposal of treasury stock	-	(33)	(10)	43	-	-	-	-	-	-	-	
Cancellation of treasury stock	-	(21)	(21,369)	21,391	-	-	-	-	-	-	-	
Dividends paid	-	-	(6,239)	-	-	-	-	-	(6,239)	(111)	(6,351)	
Change due to stock swap	-	(2)	-	6	-	-	-	-	3	(3)	-	
Reclassification to retained earnings	-	-	979	-	-	-	(979)	(979)	-	-	-	
Total transactions with owners	-	(56)	(26,640)	21,435	-	-	(979)	(979)	(6,240)	(115)	(6,356)	
Balance as of June 30, 2017	19,209	17,398	390,349	(2,794)	(64,634)	3	-	(64,630)	359,533	16,747	376,281	

Three months ended June 30, 2018

Millions of yen

	Equity attributable to owners of the parent company										Non-controlling interests	Total equity
	Other components of equity							Total	Total			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Gains/(Losses) on investments in equity instruments designated as FVTOCI						
Balance as of March 31, 2018	19,209	17,517	427,842	(2,800)	(66,255)	-	(66,255)	395,514	16,980	412,494		
Cumulative effect of adoption of the new accounting standards	-	-	(393)	-	-	-	-	(393)	-	(393)		
Balance as of April 1, 2018	19,209	17,517	427,449	(2,800)	(66,255)	-	(66,255)	395,120	16,980	412,101		
Profit for the period	-	-	16,565	-	-	-	-	16,565	62	16,627		
Other comprehensive income	-	-	-	-	(3,777)	(322)	(4,099)	(4,099)	(24)	(4,124)		
Total comprehensive income for the period	-	-	16,565	-	(3,777)	(322)	(4,099)	12,465	37	12,502		
Acquisition of treasury stock	-	-	-	(2)	-	-	-	(2)	-	(2)		
Disposal of treasury stock	-	(17)	(7)	24	-	-	-	0	-	0		
Dividends paid	-	-	(7,800)	-	-	-	-	(7,800)	(133)	(7,934)		
Reclassification to retained earnings	-	-	(322)	-	-	322	322	-	-	-		
Total transactions with owners	-	(17)	(8,130)	22	-	322	322	(7,803)	(133)	(7,937)		
Balance as of June 30, 2018	19,209	17,500	435,883	(2,778)	(70,032)	-	(70,032)	399,783	16,883	416,667		

Three months ended June 30, 2018

Thousands of U.S. dollars

	Equity attributable to owners of the parent company										Non-controlling interests	Total equity
	Other components of equity							Total	Total			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations	Gains/(Losses) on investments in equity instruments designated as FVTOCI						
Balance as of March 31, 2018	173,054	157,811	3,854,432	(25,225)	(596,892)	-	(596,892)	3,563,189	152,973	3,716,162		
Cumulative effect of adoption of the new accounting standards	-	-	(3,541)	-	-	-	-	(3,541)	-	(3,541)		
Balance as of April 1, 2018	173,054	157,811	3,850,892	(25,225)	(596,892)	-	(596,892)	3,559,640	152,973	3,712,622		
Profit for the period	-	-	149,234	-	-	-	-	149,234	559	149,793		
Other comprehensive income	-	-	-	-	(34,027)	(2,901)	(36,928)	(36,928)	(216)	(37,153)		
Total comprehensive income for the period	-	-	149,234	-	(34,027)	(2,901)	(36,928)	112,297	333	112,631		
Acquisition of treasury stock	-	-	-	(18)	-	-	-	(18)	-	(18)		
Disposal of treasury stock	-	(153)	(63)	216	-	-	-	0	-	0		
Dividends paid	-	-	(70,270)	-	-	-	-	(70,270)	(1,198)	(71,477)		
Reclassification to retained earnings	-	-	(2,901)	-	-	2,901	2,901	-	-	-		
Total transactions with owners	-	(153)	(73,243)	198	-	2,901	2,901	(70,297)	(1,198)	(71,505)		
Balance as of June 30, 2018	173,054	157,658	3,926,874	(25,027)	(630,919)	-	(630,919)	3,601,649	152,099	3,753,757		

Consolidated Statement of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30, 2017	Three months ended June 30, 2018	Three months ended June 30, 2018
Cash flows from operating activities			
Profit before income taxes	Y 12,984	Y 22,502	\$ 202,721
Depreciation and amortization	8,399	8,422	75,874
Finance expenses/(income)	(310)	(228)	(2,054)
Share of loss/(profit) of investments accounted for using the equity method	(70)	(18)	(162)
Losses/(gains) on sale and disposal of fixed assets	98	159	1,432
Decrease/(increase) in trade and other receivables	184	3,809	34,315
Decrease/(increase) in inventories	(2,801)	(6,917)	(62,315)
Increase/(decrease) in trade and other payables	33	36	324
Decrease/(increase) in retirement benefit assets	331	(38)	(342)
Increase/(decrease) in retirement benefit liabilities	(275)	(85)	(766)
Other	376	(5,764)	(51,928)
Subtotal	18,950	21,877	197,090
Interest received	241	257	2,315
Dividends received	206	236	2,126
Interest paid	(136)	(127)	(1,144)
Income taxes paid	(6,751)	(5,643)	(50,838)
Net cash provided by operating activities	Y 12,511	Y 16,600	\$ 149,550
Cash flows from investing activities			
Purchases of property, plant and equipment	(6,341)	(5,153)	(46,423)
Proceeds from sales of property, plant and equipment	216	110	991
Purchases of intangible assets	(1,802)	(1,685)	(15,180)
Purchases of investments in equity instruments	(102)	(317)	(2,856)
Proceeds from sales of investments in equity instruments	422	-	-
Purchase of investments in debt instruments	(3,047)	(1,892)	(17,045)
Proceeds from sales or redemption of investments in debt instruments	1,097	1,650	14,865
Payments for acquisition of business	(617)	-	-
Other	23	(112)	(1,009)
Net cash provided by (used in) investing activities	Y (10,151)	Y (7,400)	\$ (66,667)
Cash flows from financing activities			
Repayment of short-term borrowings	(342)	(1,112)	(10,018)
Repayment of long-term borrowings	(287)	(272)	(2,450)
Repayment of lease obligations	(434)	(390)	(3,514)
Dividends paid	(6,239)	(7,800)	(70,270)
Dividends paid to non-controlling interests	(111)	(133)	(1,198)
Other	(2)	(1)	(9)
Net cash provided by (used in) financing activities	Y (7,418)	Y (9,711)	\$ (87,486)
Effect of exchange rate changes on cash and cash equivalents	2,143	(782)	(7,045)
Net increase/(decrease) in cash and cash equivalents	(2,915)	(1,294)	(11,658)
Cash and cash equivalents at the beginning of the period	112,032	121,384	1,093,550
Cash and cash equivalents at the end of the period	Y 109,117	Y 120,089	\$ 1,081,883

Segment Information

Three months ended June 30, 2017

	Millions of yen						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	98,800	9,349	29,056	11,218	16,448	2,855	167,728	-	167,728
Intersegment	-	-	-	-	-	2,640	2,640	(2,640)	-
Total	98,800	9,349	29,056	11,218	16,448	5,495	170,368	(2,640)	167,728
Business segment profit/(loss)	13,361	(163)	2,543	(60)	1,592	236	17,510	(12)	17,497
Other income and expenses	(4,216)	(289)	(31)	(42)	(349)	35	(4,894)	-	(4,894)
Operating profit/(loss)	9,144	(452)	2,511	(102)	1,242	271	12,616	(12)	12,603
Finance income and expenses									310
Share of profit/(loss) of investments accounted for using the equity method									70
Profit before income taxes									12,984

Three months ended June 30, 2018

	Millions of yen						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	99,454	8,810	31,395	11,528	17,106	2,799	171,095	-	171,095
Intersegment	-	-	-	-	-	2,857	2,857	(2,857)	-
Total	99,454	8,810	31,395	11,528	17,106	5,656	173,952	(2,857)	171,095
Business segment profit/(loss)	14,864	(145)	4,161	222	1,223	171	20,497	(20)	20,477
Other income and expenses	1,146	75	185	(47)	336	81	1,778	-	1,778
Operating profit/(loss)	16,011	(70)	4,346	175	1,559	252	22,275	(20)	22,255
Finance income and expenses									228
Share of profit/(loss) of investments accounted for using the equity method									18
Profit before income taxes									22,502

Three months ended June 30, 2018

	Thousand of U.S. dollars						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	895,982	79,369	282,838	103,856	154,108	25,216	1,541,396	-	1,541,396
Intersegment	-	-	-	-	-	25,739	25,739	(25,739)	-
Total	895,982	79,369	282,838	103,856	154,108	50,955	1,567,135	(25,739)	1,541,396
Business segment profit/(loss)	133,910	(1,306)	37,486	2,000	11,018	1,541	184,658	(180)	184,477
Other income and expenses	10,324	676	1,667	(423)	3,027	730	16,018	-	16,018
Operating profit/(loss)	144,243	(631)	39,153	1,577	14,045	2,270	200,676	(180)	200,495
Finance income and expenses									2,054
Share of profit/(loss) of investments accounted for using the equity method									162
Profit before income taxes									202,721

Notes:

1) Main products in each business segment are as follows:

Printing & Solutions	Printers, All-in-Ones, Labeling Systems, Label Printers, Scanners, etc.
Personal & Home	Home Sewing Machines, Home Cutting Machines, etc.
Machinery	Industrial Sewing Machines, Garment Printers, Machine Tools, Reducers, Gears, etc.
Network & Contents	Online Karaoke Systems, Management of Karaoke Clubs, Content Services, etc.
Domino	Cording & Marking Equipment, Digital Printing Equipment, etc.
Others	Real Estate, etc.

2) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.