

Highlights of Consolidated Results for the 1st Quarter of Fiscal Year ending March 31, 2017

Millions of yen (except for per share amounts)			
	Three months ended		Change (%)
	June 30, 2016	June 30, 2015	
Revenue	Y 157,528	Y 164,142	-4.0
Operating profit	21,107	16,406	28.7
Profit before tax	21,113	16,610	27.1
Profit for the period	15,324	11,751	30.4
Profit for the period attributable to owners of the parent company	15,338	11,634	31.8
Comprehensive income for the period	(34,053)	19,821	-
Basic earnings per share for the period	Y 59.08	Y 44.81	
Diluted earnings per share for the period	58.92	44.71	
	As of June 30, 2016	As of March 31, 2016	
Total assets	Y 615,011	Y 675,301	
Total equity	311,064	349,986	
Equity attributable to owners of the parent company	294,703	333,440	
Equity attributable to owners of the parent company ratio	47.9 %	49.4 %	
Equity attributable to owners of the parent company per share	Y 1,135.08	Y 1,284.27	

Highlights of Consolidated Forecast for Fiscal Year ending March 31, 2017

Millions of yen (except for per share amounts)			
	[Revised]		Change (%)
	Year ending March 31, 2017	Year ended March 31, 2016	
Revenue	Y 640,000	Y 682,100	-6.2
Business segment profit	50,000	54,900	-9.0
Operating profit	48,500	58,600	-17.3
Profit for the period attributable to owners of the parent company	33,500	41,200	-18.8
	[Revised]	[Previous]	Change (%)
	Year ending March 31, 2017	Year ending March 31, 2017	
Revenue	Y 640,000	Y 657,500	-2.7
Business segment profit	50,000	46,000	8.7
Operating profit	48,500	45,000	7.8
Profit for the period attributable to owners of the parent company	33,500	31,500	6.3
Basic earnings per share for the period	Y 129.03	Y 121.32	
Dividends per common share	36.00	36.00	

(Note 1) Forecasted operating results have been changed from the most recent announcement.

(Note 2) No change has been made in 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, 2016 have been translated into U.S. dollars for convenience only, at a uniform rate of US\$1=103.00 yen, in the accompanying consolidated financial statements.
- Operating results for the three months ended June 30, 2016 are based on the following currency exchange rates:
Actual average rates for the three months ended June 30, 2016: US\$=109.07 yen, EURO=122.47 yen
Forecasts for the year ending March 31, 2017 are based on the following currency exchange rates:
Assumed average rates for the fiscal year: US\$=106.09 yen, EURO=117.25 yen
- Number of shares outstanding (including treasury stock): 277,535 thousands as of June 30, 2016, 277,535 thousands as of March 31, 2016
Number of treasury stock outstanding: 17,902 thousands as of June 30, 2016, 17,901 thousands as of March 31, 2016
Number of weighted average shares (quarterly): 259,633 thousands during the period ended June 30, 2016, 259,631 thousands during the period ended June 30, 2015

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 BALANCE SHEET

	Millions of yen			Thousands of
	(Transition date)			U.S. dollars
	As of April 1, 2015	As of March 31, 2016	As of June 30, 2016	As of June 30, 2016
Assets				
Current assets				
Cash and cash equivalents	Y 105,347	Y 67,387	Y 65,294	\$ 633,922
Trade and other receivables	96,404	94,750	87,639	850,864
Other financial assets	9,367	16,100	15,487	150,359
Inventories	121,982	126,542	113,299	1,099,990
Other current assets	13,366	15,383	13,240	128,544
Subtotal	<u>346,468</u>	<u>320,164</u>	<u>294,961</u>	<u>2,863,699</u>
Non-current assets held for sale	385	-	-	-
Total current assets	<u>346,854</u>	<u>320,164</u>	<u>294,961</u>	<u>2,863,699</u>
Non-current assets				
Property, plant and equipment	117,453	128,920	121,659	1,181,155
Investment properties	7,609	6,907	6,813	66,146
Goodwill and other intangible assets	17,954	168,117	145,127	1,409,000
Investments accounted for using the equity method	1,343	1,437	1,373	13,330
Other financial assets	42,753	26,881	24,920	241,942
Deferred tax assets	17,618	16,872	14,346	139,282
Other non-current assets	7,871	6,000	5,808	56,388
Total non-current assets	<u>212,604</u>	<u>355,137</u>	<u>320,049</u>	<u>3,107,272</u>
Total assets	<u>Y 559,458</u>	<u>Y 675,301</u>	<u>Y 615,011</u>	<u>\$ 5,970,981</u>
Liabilities and Equity				
Liabilities				
Current liabilities				
Trade and other payables	Y 73,817	Y 62,139	Y 52,241	\$ 507,194
Bonds and borrowings	10,494	20,701	14,462	140,408
Other financial liabilities	7,787	2,558	3,632	35,262
Current tax liabilities	14,449	2,888	3,852	37,398
Provisions	5,351	6,889	5,877	57,058
Other current liabilities	42,442	46,550	42,131	409,039
Total current liabilities	<u>154,342</u>	<u>141,728</u>	<u>122,196</u>	<u>1,186,369</u>
Non-current liabilities				
Bonds and borrowings	4,705	137,786	131,689	1,278,534
Other financial liabilities	5,858	11,754	19,216	186,563
Retirement benefit obligations	19,564	17,033	15,857	153,951
Provisions	3,701	2,852	2,923	28,379
Deferred tax liabilities	2,601	11,212	9,374	91,010
Other non-current liabilities	2,848	2,947	2,687	26,087
Total non-current liabilities	<u>39,279</u>	<u>183,586</u>	<u>181,749</u>	<u>1,764,553</u>
Total liabilities	<u>193,622</u>	<u>325,315</u>	<u>303,946</u>	<u>2,950,932</u>
Equity				
Capital stock	19,209	19,209	19,209	186,495
Capital surplus	17,200	17,321	17,321	168,165
Retained earnings	331,165	363,864	377,130	3,661,456
Treasury stock	(24,224)	(24,225)	(24,226)	(235,204)
Other components of equity	6,110	(42,729)	(94,732)	(919,728)
Equity attributable to owners of the parent company	<u>349,460</u>	<u>333,440</u>	<u>294,703</u>	<u>2,861,194</u>
Non-controlling interests	16,375	16,545	16,361	158,845
Total equity	<u>365,835</u>	<u>349,986</u>	<u>311,064</u>	<u>3,020,039</u>
Total liabilities and equity	<u>Y 559,458</u>	<u>Y 675,301</u>	<u>Y 615,011</u>	<u>\$ 5,970,981</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30, 2015	Three months ended June 30, 2016	Three months ended June 30, 2016
Revenue	Y 164,142	Y 157,528	\$ 1,529,398
Cost of sales	(97,609)	(85,646)	(831,515)
Gross profit	66,533	71,882	697,883
Selling, general and administrative expenses	(51,232)	(51,741)	(502,340)
Other income	1,713	2,563	24,883
Other expenses	(608)	(1,596)	(15,495)
Operating profit	16,406	21,107	204,922
Finance income	419	5,898	57,262
Finance costs	(234)	(5,893)	(57,214)
Share of profit of investments accounted for using the equity method	18	1	10
Profit before tax	16,610	21,113	204,981
Income taxes	(4,858)	(5,789)	(56,204)
Profit for the period	11,751	15,324	148,777
Profit for the period attributable to:			
Owners of the parent company	11,634	15,338	148,913
Non-controlling interests	116	(13)	(126)
Profit for the period	Y 11,751	Y 15,324	\$ 148,777
Earnings per share for the period:	Yen	Yen	U.S. dollars
Basic earnings per share for the period	Y 44.81	Y 59.08	\$ 0.57
Diluted earnings per share for the period	44.71	58.92	0.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30, 2015	Three months ended June 30, 2016	Three months ended June 30, 2016
Profit for the period	Y 11,751	Y 15,324	\$ 148,777
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net gain (loss) on revaluation of equity instruments measured at FVTOCI	-	(843)	(8,184)
Subtotal	-	(843)	(8,184)
Items that may be reclassified to profit or loss			
Valuation differences on available-for sale securities	571	-	-
Net changes in fair value of cash flow hedges	256	(25)	(243)
Exchange differences on translation of foreign operations	7,241	(48,508)	(470,951)
Subtotal	8,069	(48,534)	(471,204)
Other comprehensive income, net of tax	8,069	(49,377)	(479,388)
Comprehensive income for the period	19,821	(34,053)	(330,612)
Comprehensive income attributable to:			
Owners of the parent company	19,664	(33,923)	(329,350)
Non-controlling interests	156	(129)	(1,252)
Comprehensive income for the period	Y 19,821	Y (34,053)	\$ (330,612)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended June 30, 2015

	Millions of yen											
	Equity attributable to owners of the parent company				Other components of equity					Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Valuation differences on available-for sale securities	Net gain (loss) on revaluation of equity instruments measured at FVTOCI	Total other components of equity			
Balance at April 1, 2015	19,209	17,200	331,165	(24,224)	-	(447)	6,557	-	6,110	349,460	16,375	365,835
Profit for the period	-	-	11,634	-	-	-	-	-	-	11,634	116	11,751
Other comprehensive income	-	-	-	-	7,238	256	534	-	8,029	8,029	39	8,069
Total comprehensive income for the period	-	-	11,634	-	7,238	256	534	-	8,029	19,664	156	19,821
Acquisition of treasury stock	-	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Disposal of treasury stock	-	0	-	0	-	-	-	-	-	0	-	0
Dividends	-	-	(3,899)	-	-	-	-	-	-	(3,899)	(88)	(3,988)
Increase(decrease) due to newly consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	35	35
Total transactions with the owners	-	0	(3,899)	(2)	-	-	-	-	-	(3,902)	(53)	(3,955)
Balance at June 30, 2015	19,209	17,200	338,900	(24,227)	7,238	(191)	7,092	-	14,139	365,222	16,478	381,701

Three months ended June 30, 2016

	Millions of yen											
	Equity attributable to owners of the parent company				Other components of equity					Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Valuation differences on available-for sale securities	Net gain (loss) on revaluation of equity instruments measured at FVTOCI	Total other components of equity			
Balance at March 31, 2016	19,209	17,321	363,864	(24,225)	(46,083)	(200)	3,554	-	(42,729)	333,440	16,545	349,986
Cumulative effect of accounting change	-	-	3,420	-	-	-	(3,554)	-	(3,554)	(133)	44	(88)
Balance at April 1, 2016	19,209	17,321	367,285	(24,225)	(46,083)	(200)	-	-	(46,284)	333,307	16,589	349,897
Profit for the period	-	-	15,338	-	-	-	-	-	-	15,338	(13)	15,324
Other comprehensive income	-	-	-	-	(48,422)	(25)	-	(814)	(49,262)	(49,262)	(115)	(49,377)
Total comprehensive income for the period	-	-	15,338	-	(48,422)	(25)	-	(814)	(49,262)	(33,923)	(129)	(34,053)
Acquisition of treasury stock	-	-	-	(0)	-	-	-	-	-	(0)	-	(0)
Disposal of treasury stock	-	-	-	0	-	-	-	-	-	0	-	0
Dividends	-	-	(4,679)	-	-	-	-	-	-	(4,679)	(99)	(4,779)
Transfer to retained earnings	-	-	(814)	-	-	-	-	814	814	-	-	-
Total transactions with the owners	-	-	(5,493)	(0)	-	-	-	814	814	(4,680)	(99)	(4,779)
Balance at June 30, 2016	19,209	17,321	377,130	(24,226)	(94,506)	(225)	-	-	(94,732)	294,703	16,361	311,064

Three months ended June 30, 2016

	Thousands of U.S. dollars											
	Equity attributable to owners of the parent company				Other components of equity					Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Valuation differences on available-for sale securities	Net gain (loss) on revaluation of equity instruments measured at FVTOCI	Total other components of equity			
Balance at March 31, 2016	186,495	168,165	3,532,660	(235,194)	(447,408)	(1,942)	34,505	-	(414,845)	3,237,282	160,631	3,397,922
Cumulative effect of accounting change	-	-	33,204	-	-	-	(34,505)	-	(34,505)	(1,291)	427	(854)
Balance at April 1, 2016	186,495	168,165	3,565,874	(235,194)	(447,408)	(1,942)	-	-	(449,359)	3,235,990	161,058	3,397,058
Profit for the period	-	-	148,913	-	-	-	-	-	-	148,913	(126)	148,777
Other comprehensive income	-	-	-	-	(470,117)	(243)	-	(7,903)	(478,272)	(478,272)	(1,117)	(479,388)
Total comprehensive income for the period	-	-	148,913	-	(470,117)	(243)	-	(7,903)	(478,272)	(329,350)	(1,252)	(330,612)
Acquisition of treasury stock	-	-	-	(0)	-	-	-	-	-	(0)	-	(0)
Disposal of treasury stock	-	-	-	0	-	-	-	-	-	0	-	0
Dividends	-	-	(45,427)	-	-	-	-	-	-	(45,427)	(961)	(46,398)
Transfer to retained earnings	-	-	(7,903)	-	-	-	-	7,903	7,903	-	-	-
Total transactions with the owners	-	-	(53,330)	(0)	-	-	-	7,903	7,903	(45,437)	(961)	(46,398)
Balance at June 30, 2016	186,495	168,165	3,661,456	(235,204)	(917,534)	(2,184)	-	-	(919,728)	2,861,194	158,845	3,020,039

CONSOLIDATED STATEMENT OF CASH FLOWS

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30, 2015	Three months ended June 30, 2016	Three months ended June 30, 2016
Cash flows from operating activities			
Profit before tax	Y 16,610	Y 21,113	\$ 204,981
Depreciation and amortization	7,615	8,633	83,816
Finance costs (income), net	(184)	(4)	(39)
Share of loss (profit) of investments accounted for using the equity method	(18)	(1)	(10)
Loss (gain) on sales and disposal of fixed assets, net	123	189	1,835
Decrease (increase) in trade and other receivables	5,818	400	3,883
Decrease (increase) in inventories	(3,514)	1,063	10,320
Increase (decrease) in trade and other payables	(3,861)	(3,914)	(38,000)
Decrease (increase) in retirement benefit assets	7	54	524
Increase (decrease) in retirement benefit liabilities	(7)	105	1,019
Other, net	(4,741)	1,170	11,359
Subtotal	<u>17,846</u>	<u>28,810</u>	<u>279,709</u>
Interest income received	240	201	1,951
Dividend income received	240	228	2,214
Interest expenses paid	(79)	(153)	(1,485)
Income taxes paid	(15,208)	(2,678)	(26,000)
Net cash provided by operating activities	<u>Y 3,039</u>	<u>Y 26,408</u>	<u>\$ 256,388</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(5,998)	(7,217)	(70,068)
Proceeds from sales of property, plant and equipment	68	199	1,932
Purchase of intangible assets	(1,542)	(1,586)	(15,398)
Purchase of equity instruments	(350)	(1)	(10)
Purchase of debt instruments	(740)	(1,216)	(11,806)
Proceeds from sales and redemption of debt instruments	1,611	2,849	27,660
Acquisition of business	(185,735)	-	-
Other, net	(450)	(154)	(1,495)
Net cash provided by (used in) investing activities	<u>Y (193,137)</u>	<u>Y (7,127)</u>	<u>\$ (69,194)</u>
Cash flows from financing activities			
Proceeds from short-term debt	175,463	-	-
Repayments of short-term borrowings	(18,500)	(4,779)	(46,398)
Repayments of long-term borrowings	-	(554)	(5,379)
Proceeds from issuance of bonds	1,430	-	-
Repayments of lease obligations	(408)	(521)	(5,058)
Dividends paid	(3,899)	(4,679)	(45,427)
Dividends paid to non-controlling interests	(88)	(99)	(961)
Other, net	(1)	(0)	(0)
Net cash provided by (used in) financing activities	<u>Y 153,996</u>	<u>Y (10,634)</u>	<u>\$ (103,243)</u>
Effect of exchange rate changes on cash and cash equivalents	3,511	(10,739)	(104,262)
Net increase (decrease) in cash and cash equivalents	<u>(32,590)</u>	<u>(2,092)</u>	<u>(20,311)</u>
Cash and cash equivalents at beginning of period	105,347	67,387	654,243
Cash and cash equivalents at end of period	<u>Y 72,757</u>	<u>Y 65,294</u>	<u>\$ 633,922</u>

SEGMENT INFORMATION

Three months ended June 30, 2015

	Reportable segments						S.total	Adjustments	Consolidated
	Printing and Solutions	Personal and Home	Machinery	Network and Contents	Domino	Others			
Millions of yen									
Revenue									
External revenue	103,904	10,868	34,721	11,914	-	2,734	164,142	-	164,142
Inter-segment revenue	-	-	-	-	-	2,776	2,776	(2,776)	-
Total revenue	103,904	10,868	34,721	11,914	-	5,510	166,918	(2,776)	164,142
Business segment profit (loss)	10,290	691	6,196	(290)	-	190	17,079	(1,777)	15,301
Other income (expenses)	731	49	129	(52)	-	248	1,105	-	1,105
Operating profit (loss)□	11,021	741	6,325	(343)	-	438	18,184	(1,777)	16,406
Finance income (costs)									184
Share of profit of investments accounted for using the equity method									18
Profit before tax									16,610

Three months ended June 30, 2016

	Reportable segments						S.total	Adjustments	Consolidated
	Printing and Solutions	Personal and Home	Machinery	Network and Contents	Domino	Others			
Millions of yen									
Revenue									
External revenue	95,298	9,499	22,962	12,586	14,414	2,767	157,528	-	157,528
Inter-segment revenue	-	-	-	-	-	6,531	6,531	(6,531)	-
Total revenue	95,298	9,499	22,962	12,586	14,414	9,299	164,060	(6,531)	157,528
Business segment profit (loss)	16,934	(19)	1,879	411	861	198	20,265	(125)	20,140
Other income (expenses)	974	30	68	(134)	(4)	33	967	-	967
Operating profit	17,908	10	1,948	276	857	231	21,233	(125)	21,107
Finance income (costs)									4
Share of profit of investments accounted for using the equity method									1
Profit before tax									21,113

Three months ended June 30, 2016

	Reportable segments						S.total	Adjustments	Consolidated
	Printing and Solutions	Personal and Home	Machinery	Network and Contents	Domino	Others			
Thousand of U.S. dollars									
Revenue									
External revenue	925,223	92,223	222,932	122,194	139,942	26,864	1,529,398	-	1,529,398
Inter-segment revenue	-	-	-	-	-	63,408	63,408	(63,408)	-
Total revenue	925,223	92,223	222,932	122,194	139,942	90,282	1,592,816	(63,408)	1,529,398
Business segment profit (loss)	164,408	(184)	18,243	3,990	8,359	1,922	196,748	(1,214)	195,534
Other income (expenses)	9,456	291	660	(1,301)	(39)	320	9,388	-	9,388
Operating profit	173,864	97	18,913	2,680	8,320	2,243	206,146	(1,214)	204,922
Finance income (costs)									39
Share of profit of investments accounted for using the equity method									10
Profit before tax									204,981

Notes:

1) Brother changed its segments effective April 1, 2016.

Main products in each business segment are as follows:

Printing and Solutions	Printers, All-in-Ones, Electronic Stationery, Scanners, etc.
Personal and Home	Home Sewing Machines, Home Cutting Machines, etc.
Machinery	Industrial Sewing Machines, Machine Tools, Industrial Parts
Network and Contents	Online Karaoke Systems, Content Services, etc.
Domino	Industrial Inkjet Printers, Digital Printing Machines, etc.
Others	Real Estate, etc.

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

3) The figures for the previous year are presented following the above new classification.