# 1. Qualitative Information Concerning Financial Results for the 3rd quarter of the fiscal year ending 31st March, 2013

### (1) Qualitative Information Concerning Consolidated Financial Results for the 3rd quarter of the fiscal year ending 31st March, 2013

During the nine-month period ended 31st December, 2012, the slowdown in the world economy continued due to a deceleration of China's economic growth and the impact of fiscal problems in Europe. In the United States, the economy remained lacklustre due to slow improvement in the unemployment rate, despite signs of a recovery.

In Japan, the business environment remained challenging due to deflation and continued yen appreciation, despite improvement in some areas owing to factors including reconstruction demand following the Great East Japan Earthquake.

With price competition in sewing machines and industrial equipment intensifying, the Janome Group strengthened its cost competitiveness through comprehensive manufacturing cost reductions, while aggressively developing new markets.

As a result, in the 3rd quarter total sales were 29,046 million yen (up 5.7% compared to the corresponding period of the previous fiscal year) and operating income was 1,549 million yen (down 5.8%), but ordinary income was 489 million yen (down 69.5% compared to the corresponding period of the previous fiscal year) and net income was 17 million yen (down 69.9%) due to the recording of a restructuring loss as a non-operating expense.

The performance by segment is outlined below.

<Household equipment>

In the overseas sewing machine market, sales performed well in Russia and Asia, and OEM (original equipment manufacturer) sales were also solid. Overseas sewing machine sales amounted to 1.45 million units (an increase of approximately 170,000 units compared to the corresponding period of the previous year), a significant increase due to factors including our focus on aggressively developing new markets, including new model launches, with overseas sales totaling 17,772 million yen (up 9.0% compared to the corresponding period of the previous year).

In the domestic market, there were signs of an economic recovery on hopes for "Abenomics". However, as regards the real impact of this on consumer trends, the immediate prospects remain uncertain, and sales of both home-use sewing machines and 24-Hour Clean Bath systems were sluggish. In particular, sales of home-use sewing machines in the domestic market fell by about 20,000 units compared to the corresponding period of the previous year to 140,000 units, due to the effects of a fall in sales of low-priced models, but total domestic sales fell only slightly to 5,620 million yen (down 4.2% compared to the corresponding period of the previous year) as a result of our efforts to market medium- and high-grade models.

Overall, sewing machine sales in the household equipment business amounted to 1.59 million units, the highest ever level, with sales of 23,393 million yen (up 5.5% compared to the corresponding period of the previous fiscal year) and operating income of 1,090 million yen (down 15.3%).

<Industrial equipment>

In the industrial equipment business, the Group carried out aggressive marketing to manufacturers of mobile phones and other information devices, and to parts manufacturers in fields such as consumer electronics and automotive As a result, sales of desk-top robots and electro-press machines increased to approximately 3,500 units (an increase of about 500 units compared with the corresponding period of the previous year), the highest ever level, due to especially strong growth in sales volumes in the first half, and despite a slowdown moving into the second half.

In the die-casting business, there was steady growth in orders from customers including automotive firms as production activity gradually recovered after the Great East Japan Earthquake.

As a result, net sales in the industrial equipment business were 3,765 million yen (up 14.5% compared to the corresponding period of the previous fiscal year), with operating income of 468 million yen (up 17.3%).

<Other>

In other business segments including IT software, information services, 24-Hour Clean Bath system installation and maintenance services, as well as real estate leasing income, net sales were 1,888 million yen (down 6.1% compared to the corresponding period of the previous fiscal year) due to a weakening of IT investment appetite stemming from uncertainty about the prospects for the economy, resulting in an operating loss of 4 million yen (compared with an operating loss of 14 million yen in the corresponding period of the previous fiscal year).

### (2) Qualitative Information Concerning Consolidated Financial Position for the 3rd quarter of the fiscal year ending 31st March, 2013

As of 31st December, 2012, total assets on a consolidated basis were 49,902 million yen (up 199 million yen from the previous fiscal year ended 31 March, 2012).

Current assets were 20,473 million yen (down 130 million yen from the previous fiscal year ended 31 March, 2012) due to factors including reductions in cash and deposits. Fixed assets were 29,429 million yen (up 329 million yen from the previous fiscal year ended 31 March, 2012) due to factors including an increase in investment securities.

Current liabilities were 17,840 million yen (up 9 million yen from the previous fiscal year ended 31 March, 2012) due to factors including an increase in short-term borrowing, while fixed liabilities decreased to 16,589 million yen (down 392 million yen) due to factors including a fall in long-term borrowing.

Net assets were 15,473 million yen (up 582 million yen from the previous fiscal year ended 31 March, 2012) due to factors including an increase in the foreign currency translation adjustments account.

<Overview of cash flow position>

Cash and cash equivalents on a consolidated basis as of 31 December, 2012 decreased by 1,320 million yen from the previous fiscal year ended 31 March, 2012, to 4,564 million yen (a decrease of 1,699 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an outflow of 30 million yen (as compared to an inflow of 210 million yen in the corresponding period of the previous fiscal year), due to 468 million yen in quarterly income before income taxes and minority interests, an increase of 683 million yen in inventories, etc., and a decrease of 192 million yen in notes and accounts payable, etc.

Net cash generated by investing activities amounted to an outflow of 959 million yen (as compared to an outflow of 602 million yen in the corresponding period of the previous fiscal year), due to expenditures of 595 million yen to purchase tangible fixed assets including machinery and molds, etc.

Net cash used for financing activities amounted to an outflow of 332 million yen (as compared to an inflow of 40 million yen in the corresponding period of the previous fiscal year). This was due to an increase in short-term borrowings of 716 million yen, an inflow from long-term borrowings of 1,250 million yen, and an outflow from repayment of long-term debts of 2,240 million yen, etc.

### (3) Forecast of consolidated results for fiscal year ending 31 March, 2013

We have revised our consolidated results forecast for the year ending 31 March, 2013 previously announced on 6 November, 2012, in consideration of the impact on our industrial equipment business of a sharp slowdown in capital expenditure in the Asian market, as well as uncertainty surrounding the outlook for raw materials prices, etc.