

(Translation)

**Consolidated Financial Results**  
**for the 2nd quarter of fiscal year ending March 31, 2016**  
**(April 1, 2015 through September 30, 2015)**  
**[ Japanese GAAP ]**

November 6, 2015

Company name: **JANOME SEWING MACHINE CO., LTD.** Tokyo Stock Exchange in Japan  
Securities code: 6445 [URL http://www.janome.co.jp](http://www.janome.co.jp)  
Representative: Name: Michio Ohba Title: President  
Contact person: Name: Katsuhiko Nakatsubo Title: General Manager, Accounting  
Phone: +81 42 661 3071

Filing date of financial statements for the quarter : November 12, 2015

Payment date of cash dividends: ----

Supplementary materials prepared for quarterly financial results : Yes

Financial information meeting held for quarterly financial results: Yes (for securities analyst)

(Amounts less than one million yen are rounded down.)

**1. Consolidated results (April 1, 2015 through September 30, 2015)**

(1) Consolidated financial results

Percentages represent the percentage of change from the previous fiscal year.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half year ended <b>September 30, 2015</b>	<b>20,705</b>	<b>(2.8)</b>	<b>771</b>	<b>(41.5)</b>	<b>1,013</b>	<b>(18.0)</b>	<b>426</b>	<b>(37.9)</b>
September 30, 2014	21,297	(1.6)	1,319	4.1	1,236	96.3	686	164.7

Note: Comprehensive income was

(227) million yen (-%) at the end of September 2015

1,328 million yen (66.7%) at the end of September 2014

	Net income per share - basic	Net income per share - diluted
First half year ended <b>September 30, 2015</b>	<b>22.06</b>	--
September 30, 2014	35.51	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
First half year ended <b>September 30, 2015</b>	<b>52,814</b>	<b>21,416</b>	<b>39.2</b>
March 31, 2015	54,054	21,696	38.7

Ref. Equity 20,690 million yen at the end of September 2015, and 20,941 million yen at the end of March 2015

**2. Cash dividends**

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Fiscal year ended March 31, 2015	yen	yen	yen	yen	yen
<b>March 31, 2016</b>	--	0.00	--	0.00	0.00
March 31, 2016 (Forecast)			--	0.00	0.00

Note: Revisions to the forecast of cash dividends in the current quarter: None

### 3. Forecast of consolidated results for fiscal year ending March 31, 2016

(April 1, 2015 through March 31, 2016)

Percentages represent the percentage of change from the previous fiscal year.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year (April 1, 2015 through March 31, 2016)	45,000	(2.2)	2,500	(15.6)	2,600	(4.1)	1,500	(19.4)

	Net Income per share - basic yen
Full year (April 1, 2015 through March 31, 2016)	77.59

Note: Revisions to the forecast of cash dividends in the current quarter: Yes

### 4. Others

(1) Changes in significant subsidiaries during the current fiscal year : None

Note: This refers to a presence/absence of changes in specified subsidiaries accompanying changes in scope of consolidation during the current quarter.

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, procedures and presentations, etc.

( i ) Changes due to amendments in accounting principles: Yes

( ii ) Any changes other than the aforementioned: None

( iii ) Changes in accounting estimate: None

( iv ) Restatement: None

(4) Number of shares issued and outstanding (common stock)

( i ) Number of shares issued and outstanding at the end of fiscal period (including treasury stock)

19,521,444 shares at the end of September 2015

19,521,444 shares at the end of March 2015

( ii ) Number of treasury stock shares at the end of fiscal period

189,604 shares at the end of September 2015

189,472 shares at the end of March 2015

( iii ) Average number of public shares during fiscal period

19,331,898 shares at the end of September 2015

19,332,056 shares at the end of September 2014

### Statement Relating to Execution Status of Audit Procedures

This quarterly financial report is exempt from audit procedures based upon the Financial Instruments and Exchange Act. At the time of disclosure of this report, audit procedures for the consolidated financial statements have not been completed.

### Explanation regarding the appropriate use of result forecasts, and other special items

The forward-looking statements stated in this report include expectations based on assumption, forecast and projection by our management available as of the date of their announcement. It is possible that actual results may differ materially from these expectations due to various factors.

## 1. Qualitative Information Concerning Financial Results for the 2nd quarter of the fiscal year ending March 31, 2016

### (1) Explanation of financial results

During the six-month period ended September 30 2015, there was a modest economic recovery in the US due to improvements in the employment and income environment, but economic growth continued to slow in China, and conditions were lacklustre in resource-rich countries including China, Russia and Brazil. As a result, the uncertain outlook continued.

In Japan, the economy recovered, supported by improvements in employment conditions and capital expenditure. However, concerns about a rise in prices persisted due to the effects of economic underperformance overseas and the weaker yen.

Under these circumstances, the Janome Group implemented measures including the launch of new home-use sewing machine products in Japan and overseas, and the establishment of service offices for the industrial equipment business in China, while also striving to reduce prime costs as well as selling and administrative costs.

However, as a result of challenging operating conditions, in the 2nd quarter sales were 20,705 million yen (down 2.8% compared to the corresponding period of the previous fiscal year), operating income was 771 million yen (down 41.5%), ordinary income was 1,013 million yen (down 18.0%), and profit attributable to owners of parent was 426 million yen (down 37.9%).

The performance by segment is outlined below.

#### <Household equipment>

In overseas markets, Janome Group promoted activities including the launch of new models, trade shows in various regions and participation in sewing-related events, and in Japan a full model change of flagship sewing machine models was undertaken for the first time in nine years. In this way, we worked to stimulate demand among users with interests ranging from practical sewing to embroidery and kilt making.

At the same time, sales to the Russian market were sluggish due to a continued slowdown in consumer spending resulting from economic uncertainty, and sales to emerging markets also struggled. As a result, sewing machine sales declined by 140,000 units to 780,000 units, and in the household equipment business sales were 16,468 million yen (down 1.8% from the corresponding period of the previous fiscal year), and operating income was 570 million yen (down 39.6%).

#### <Industrial equipment>

With regard to robots and electro-press machines, a service office was established in Shenzhen, China, in order to strengthen technical support. We also worked to make both software and hardware improvements, including expanding our lineup of desk-top and cartesian robots with outstanding network support.

In the die-casting-related business, Janome Diecasting (Tsuru, Yamanashi Prefecture) launched operation of a new factory building in April, bolstered processing facilities and promoted in-house production, and also focused on developing new customers.

However, sales in the industrial equipment business fell 8.3% compared with the previous fiscal year to 2,923 million yen, and operating income fell 42.3% to 227 million yen, due to the effects of intensified market competition.

<Other>

In other business segments including IT software development, data processing, and 24-Hour Clean Bath system installation and maintenance, as well as real estate leasing income, net sales were 1,313 million yen (down 2.4% compared to the previous fiscal year), with operating loss of 47 million yen (the same period last year saw a profit of 13 million yen).

(2) Explanation of financial position

As of September 30, 2015, total assets on a consolidated basis were 52,814 million yen (down 1,240 million yen from the previous fiscal year).

Current assets were 23,327 million yen (down 230 million yen from the previous fiscal year) due to decrease in cash and cash equivalents, and an increase in merchandise and products. Fixed assets were 29,487 million yen (down 1,009 million yen from the previous fiscal year ended March 31, 2015) due to factors including a depreciation of tangible and intangible assets.

Current liabilities were 20,306 million yen (up 28 million yen from the previous fiscal year) due to factors including an increase in bills and accounts payable, and decrease in income taxes payable, while fixed liabilities were to 11,090 million yen (down 988 million yen from the previous fiscal year) due to factors including decrease in long term borrowing.

Net assets were 21,416 million yen (down 279 million yen from the previous fiscal year) due to factors including an increase in retained earnings and decrease in the foreign currency translations adjustments account.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of September 30, 2015, decreased by 982 million yen from the previous fiscal year ended March 31, 2015, to 4,935 million yen (decrease of 1,139 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 89 million yen (as compared to an inflow of 360 million yen in the corresponding period of the previous fiscal year), due to 1,012 million yen in quarterly income before income taxes, an increase of 1,566 million yen in inventories, an increase of 528 million yen in notes and accounts payable, etc.

Net cash generated by investing activities amounted to an outflow of 264 million yen (as compared to an outflow of 748 million yen in the corresponding period of the previous fiscal year), due to 600 million yen from withdrawal of time deposits, expenditure of 699 million yen purchase tangible fixed assets, etc.

Net cash used for financing activities amounted to a reduction in funds of 760 million yen (as compared to an inflow of 61 million yen in the corresponding period of the previous fiscal year), due to factors including an increase in short-term borrowings of 721 million yen and an outflow from repayment of long-term debts of 1,409 million yen.

## 2. Consolidated Financial Statements

### Consolidated Balance Sheets

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2015	Current First Quarter as of September 30, 2015
<b>ASSETS</b>		
Current assets		
Cash and deposits	6,692	5,238
Notes and accounts receivable-trade	7,644	7,518
Merchandise and finished goods	4,894	6,185
Work in process	482	603
Raw materials and supplies	2,628	2,602
Other	1,380	1,332
Allowance for doubtful accounts	(164)	(154)
Total current assets	23,557	23,327
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,831	6,632
Land	14,785	14,729
Other tangible fixed assets (net)	2,953	2,803
Total tangible fixed assets	24,570	24,164
Intangible fixed assets		
Goodwill	216	144
Other intangible fixed assets	1,847	1,781
Total intangible fixed assets	2,064	1,926
Investments and other assets	3,861	3,396
Total fixed assets	30,496	29,487
<b>TOTAL ASSETS</b>	<b>54,054</b>	<b>52,814</b>
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	3,140	3,726
Short-term loans payable	13,232	13,306
Income taxes payable	398	260
Provision for bonuses	491	617
Provision for Restructuring loss	86	84
Other current liabilities	2,929	2,311
Total current liabilities	20,278	20,306
Fixed liabilities		
Long-term borrowings	2,203	1,415
Deferred income taxes for revaluation	3,683	3,683
Net defined benefit liability	5,418	5,271
Other fixed liabilities	773	720
Total fixed liabilities	12,079	11,090
<b>TOTAL LIABILITIES</b>	<b>32,358</b>	<b>31,397</b>

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2015	Current First Quarter as of September 30, 2015
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	11,372	11,372
Capital surplus	823	823
Retained earnings	2,077	2,483
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	13,948	14,354
Other comprehensive income		
Valuation difference in other marketable securities	238	184
Gain (loss) on deferred hedge	(0)	(3)
Land revaluation difference	6,355	6,355
Foreign currency translation adjustments	798	125
Remeasurements of defined benefit plans	(398)	(326)
Total other comprehensive income	6,993	6,335
Non-controlling interests	754	726
<b>TOTAL NET ASSETS</b>	<b>21,696</b>	<b>21,416</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>54,054</b>	<b>52,814</b>

Note: Amounts less than one million yen are rounded down.

## Consolidated Statement of Income

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Three Months April 1, 2014 through September 30, 2014	<b>Current Three Months April 1, 2015 through September 30, 2015</b>
Net sales	21,297	20,705
Cost of sales	12,828	12,261
Gross profit	8,469	8,443
Selling, general and administrative expenses	7,149	7,671
Operating income	1,319	771
Non-operating income		
Interest income	10	15
Dividend income	32	30
Insurance income	28	-
Exchange gains	2	256
Other	42	71
Total non-operating income	116	373
Non-operating expenses		
Interest expenses	133	103
Other	66	28
Total non-operating expenses	200	131
Ordinary income	1,236	1,013
Extraordinary profits		
Gain on sales of fixed assets	8	1
Total extraordinary profits	8	1
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	19	2
Impairment loss	207	-
Total extraordinary losses	226	2
Income before income taxes	1,018	1,012
Income tax, resident tax and business tax	377	333
Income tax adjustment	(60)	167
Total taxes	317	501
Profit	701	511
Profit attributable to non-controlling interests	14	85
Profit attributable to owners of parent	686	426

## Consolidated statements of comprehensive income

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Three Months April 1, 2014 through September 30, 2014	<b>Current Three Months April 1, 2015 through September 30, 2015</b>
Profit	701	511
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(53)
Deferred gains or losses on hedges	1	(3)
Foreign currency translation adjustment	523	(754)
Remeasurements of defined benefit plans	108	72
Total other comprehensive income	627	(739)
Comprehensive income	1,328	(227)
Comprehensive income attributable to:		
owners of parent	1,269	(230)
non-controlling interests	58	3

Note: Amounts less than one million yen are rounded down.

# Consolidated Statement of Cash Flows

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Three Months April 1, 2014 through September 30, 2014	<b>Current Three Months April 1, 2015 through September 30, 2015</b>
<b>Cash flows from operating activities</b>		
Income before income taxes	1,018	1,012
Depreciation	575	731
Impairment loss	207	-
Goodwill amortization	72	72
Increase/ (decrease) of employees retirement benefits	4	(88)
Interest and dividend income	(42)	(45)
Interest expenses	133	103
(Increase)/ decrease in accounts receivable	(478)	19
(Increase)/ decrease in inventories	(1,371)	(1,566)
Increase/ (decrease) in accounts payable	785	528
Others	117	(128)
Sub total	1,020	639
Interest and dividend received	44	46
Interest paid	(133)	(103)
Income taxes paid	(570)	(492)
Net cash generated by operating activities	360	89
<b>Cash flows from investing activities</b>		
Payments into time deposits	(30)	(51)
Proceeds from withdrawal of time deposits	37	600
Purchase of property, plant and equipment	(582)	(699)
Proceeds from sales of property, plant and equipment	12	2
Others	(186)	(115)
Net cash generated by investing activities	(748)	(264)
<b>Cash flows from financing activities</b>		
Net increase/(decrease) in short-term borrowings	1,419	721
Outflow from repayment of long-term debts	(1,310)	(1,409)
Others	(46)	(72)
Net cash used for financing activities	61	(760)
Effect of exchange rate changes on cash and cash equivalents	99	(123)
Increase/(decrease) in cash and cash equivalents	(227)	(1,059)
Cash and cash equivalents at beginning of period	6,301	5,918
Increase/(decrease) in cash and cash equivalents from newly consolidated subsidiary	--	76
Cash and cash equivalents at end of period	6,074	4,935

Note: Amounts less than one million yen are rounded down.

## Notes of Consolidated Financial Statements

(Notes regarding going concern assumptions)

None.

(Notes on significant changes in the amount of shareholders' equity)

None.

(Consolidated Segment Information)

I. Previous first half (April 1, 2014 through September 30, 2014)

1. Information on net sales and operating income/(loss) by reportable segment

Currency unit: million yen

	Reportable segment			Other*	Total
	Household equipment	Industrial equipment	Total		
Net sales					
Net sales to external customers	16,764	3,186	19,951	1,346	21,297
Intersegment sales or transfers	17	459	476	580	1,057
Total	16,782	3,645	20,428	1,927	22,355
Segment profit / (loss)	944	393	1,338	13	1,352

Note\*: "Other" is not categorized in the reportable business segment and includes IT software/electronic data processing services and real estate, etc.

2. Difference between the sum of reportable segment profits and losses and operating income in quarterly consolidated statements of income and major factors in the difference (adjustment of difference)

Currency unit: million yen

Profit	Amount
Reportable segment total	1,338
Other net profit	13
Elimination of intersegment transactions	(32)
Operating income in quarterly consolidated statements	1,319

II. Current first half (April 1, 2015 through September 30, 2015)

1. Information on net sales and operating income/(loss) by reportable segment

Currency unit: million yen

	Reportable segment			Other*	Total
	Household equipment	Industrial equipment	Total		
Net sales					
Net sales to external customers	16,468	2,923	19,392	1,313	20,705
Intersegment sales or transfers	21	411	432	489	922
Total	16,490	3,334	19,824	1,803	21,627
Segment profit/(loss)	570	227	798	(47)	750

Note\*: "Other" is not categorized in the reportable business segment and includes IT software/electronic data processing services and real estate, etc.

2. Difference between the sum of reportable segment profits and losses and operating income in quarterly consolidated statements of income and major factors in the difference (adjustment of difference)

Currency unit: million yen

Profit	Amount
Reportable segment total	798
Other net loss	(47)
Elimination of intersegment transactions	21
Operating income in quarterly consolidated statements	771

### 3. Additional information

#### (1) Geographic segmentation

Previous first half (April 1, 2014 through September 30, 2014)

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	13,719	3,560	371	3,646	21,297	--	21,297
(2) Intersegment sales or transfers	5,853	--	10,046	5	15,904	(15,904)	--
Total	19,572	3,560	10,417	3,651	37,202	(15,904)	21,297
Operating income/ (loss)	970	218	370	213	1,772	(452)	1,319

Current first half (April 1, 2015 through September 30, 2015)

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	12,590	3,852	360	3,902	20,705	--	20,705
(2) Intersegment sales or transfers	6,666	--	10,113	10	16,790	(16,790)	--
Total	19,256	3,852	10,473	3,913	37,495	(16,790)	20,705
Operating income/ (loss)	755	90	434	146	1,428	(656)	771

Notes:

(1) Countries or regional analyses presented are based on geographic proximity.

(2) Major countries or regions are defined as follows:

- ( i ) North America           ..... U.S.A., Canada
- ( ii ) South East Asia       ..... R.O.C. (Taiwan), Thailand
- ( iii ) Other regions           ..... U.K., Netherlands, Switzerland, Australia, New Zealand, Chile

#### (2) Overseas sales by region

Previous first half (April 1, 2014 through September 30, 2014)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	3,673	5,720	5,323	14,717
II Consolidated sales				21,297
III Ratio of overseas sales to consolidated sales	17.2%	26.9%	25.0%	69.1%

Current first half (April 1, 2015 through September 30, 2015)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	4,054	4,774	5,347	14,177
II Consolidated sales				20,705
III Ratio of overseas sales to consolidated sales	19.6%	23.1%	25.8%	68.5%

Notes:

1. Overseas sales include sales by the Company and its subsidiaries in countries and regions outside Japan.

2. Countries or regional analyses

(1) Countries or regional analyses presented are based on geographic proximity.

(2) Major countries or regions are as follows:

- ( i ) North America           ..... U.S.A., Canada
- ( ii ) Europe                   ..... U.K., Netherlands, Germany, Switzerland, Russia
- ( iii ) Other regions           ..... South East Asia, Oceania, Middle East, Africa, Central/South America