

(Translation)

**Consolidated Financial Results**  
**for the 3rd quarter of fiscal year ending March 31, 2017**  
**(April 1, 2016 through December 31, 2016)**  
**[ Japanese GAAP ]**

February 7, 2017

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 : February 10, 2017  
Payment date of cash dividends: ----  
Supplementary materials prepared for quarterly financial results : None  
Financial information meeting held for quarterly financial results: None

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

**1. Consolidated results (April 1, 2016 through December 31, 2016)**

(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 nine months ended <b>December 31, 2016</b>	<b>28,948</b>	<b>(11.7)</b>	<b>1,814</b>	<b>(0.7)</b>	<b>1,655</b>	<b>(18.3)</b>	<b>926</b>	<b>(22.9)</b>
December 31, 2015	32,772	(4.9)	1,827	(26.2)	2,027	(19.3)	1,201	(28.5)

Note: Comprehensive income was

1,390 million yen (89.2%) at the end of December 2016  
735 million yen (-77.0%) at the end of December 2015

	Net income per share - basic	Net income per share - diluted
First nine months ended	yen	yen
<b>December 31, 2016</b>	<b>47.91</b>	--
December 31, 2015	62.15	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
<b>December 31, 2016</b>	<b>52,493</b>	<b>23,314</b>	<b>42.8</b>
March 31, 2016	51,240	21,949	41.3

Ref. Equity 22,482 million yen at the end of December 2016, and 21,184 million yen at the end of March 2016

**2. Cash dividends**

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Fiscal year ended	yen	yen	yen	yen	yen
March 31, 2017	--	0.00	--		
<b>March 31, 2018</b>	--	--	<b>0.00</b>		
March 31, 2018 (Forecast)				10.00	10.00

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

### 3. Forecast of consolidated results for fiscal year ending March 31, 2017

(April 1, 2016 through March 31, 2017)

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 1,2016 through March 31, 2017)	40,000	(6.2)	2,300	(6.8)	2,100	(20.7)	1,400	(9.6)

	Net Income per share - basic
Full year (April 1,2016 through March 31, 2017)	72.42

Note: Revisions to the forecast of financial in the current quarter: None

### 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: None

( 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 December 2016

19,521,444 shares at the end of March 2016

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

189,714 shares at the end of December 2016

189,714 shares at the end of March 2016

(iii) Average number of public shares during fiscal period

19,331,730 shares at the end of December 2016

19,331,863 shares at the end of December 2015

### 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 3rd quarter of the fiscal year ending March 31, 2017

### (1) Explanation of financial results

During the nine-month period ended December 31, 2016, there was a modest recovery in the global economy, focused on developed countries. At the same time, there was continued uncertainty about the future outlook in light of a slowdown in emerging market economies, as well as concerns about policy trends in the US under the new administration and the United Kingdom's decision to leave the European Union.

The Japanese economy continued to recover, supported by improvement in employment and wage conditions, but consumer spending was weak due to factors including rising uncertainty about the global economy.

Under these conditions, Janome Group developed marketing activities tailored to the particular characteristics of each market, based on our new medium-term management plans launched this year, and worked to implement robust cost cutting measures.

However, in the 3rd quarter sales were 28,948 million yen (down 3,823 million yen compared to the corresponding period of the previous fiscal year), operating income was 1,814 million yen (down 13 million yen), ordinary income was 1,655 million yen (down 371 million yen), and profit attributable to owners of parent was 926 million yen (down 275 million yen).

The performance by segment is outlined below.

#### <Household equipment>

In the overseas sewing machine market, Janome Group strove to expand sales of high value-added models, and in the domestic sewing machine market participated actively in various exhibitions in order to stimulate demand.

Nonetheless, sales of high-end models in North America and Europe were sluggish, and total sales of sewing machines (overseas and Japan combined) declined by 70,000 units compared to the corresponding period of the previous fiscal year to 1.23 million units. In the household equipment business, sales were 22,523 million yen (down 3,878 million yen compared to the corresponding period of the previous fiscal year). Operating income fell by only 46 million yen to 1,392 million yen, however, due to cost rate improvement.

#### <Industrial equipment>

In the desk-top robot and electro-press machine business, Janome Group created new opportunities to promote our products amid market expansion, including taking part in exhibitions and holding technical seminars around the world. This enabled the Group to win new customers and increase orders from existing customers, and sales volume was solid.

However, there was weak growth in sales in the die-casting-related business, and as a result sales in the industrial equipment segment were 4,325 million yen (down 49 million yen compared to the corresponding period of the previous fiscal year), and operating income was 302 million yen (down 54 million yen).

<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 2,099 million yen (up 103 million yen compared to the previous fiscal year), with operating profit of 78 million yen as a result of efforts to cut SG&A expense etc. (the same period last year saw a loss of 4 million yen)

(2) Explanation of financial position

As of December 31, 2016, total assets on a consolidated basis were 52,493 million yen (up 1,252 million yen from the previous fiscal year ended March 31, 2016).

Current assets were 24,359 million yen (up 1,818 million yen from the previous fiscal year ended March 31, 2016) due to factors including an increase in cash and cash equivalents, merchandise and products. Fixed assets totalled 28,133 million yen (down 566 million yen from the previous fiscal year ended March 31, 2016), due to factors including a depreciation of tangible and intangible assets.

Current liabilities were 19,427 million yen (up 363 million yen from the previous fiscal year ended March 31, 2016) due to factors including an increase in the short-term borrowing, while fixed liabilities were 9,751 million yen (down 475 million yen) due to factors including a fall in long-term borrowing.

Net assets were 23,314 million yen (up 1,365 million yen from the previous fiscal year ended March 31, 2016) due to factors including an increase in retained earnings.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of December 31, 2016 increased by 619 million yen from the previous fiscal year ended March 31, 2016, to 6,678 million yen (an increase of 595 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 1,143 million yen (as compared to an inflow of 824 million yen in the corresponding period of the previous fiscal year), due to factors including 1,646 million yen in quarterly income before income taxes, an increase of 217 million yen in notes and accounts receivable, and an increase of 846 million yen in inventories.

Net cash generated by investing activities amounted to an outflow of 363 million yen (as compared to an outflow of 498 million yen in the corresponding period of the previous fiscal year), due to expenditures of 300 million yen to purchase tangible fixed assets including equipment and molds, etc.

Net cash used for financing activities amounted to an outflow of 188 million yen (as compared to an outflow of 130 million yen in the corresponding period of the previous fiscal year), due to factors including an increase in short-term borrowings of 688 million yen and an outflow from repayment of long-term debts of 787 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, 2016	Current Third Quarter as of December 31, 2016
<b>ASSETS</b>		
Current assets		
Cash and deposits	6,300	7,012
Notes and accounts receivable-trade	7,019	7,236
Merchandise and finished goods	5,390	5,967
Work in process	524	649
Raw materials and supplies	2,288	2,578
Other	1,151	1,069
Allowance for doubtful accounts	(134)	(154)
Total current assets	22,540	24,359
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,458	6,480
Land	14,702	14,719
Other tangible fixed assets (net)	2,672	2,364
Total tangible fixed assets	23,834	23,564
Intangible fixed assets		
Goodwill	72	--
Other intangible fixed assets	1,618	1,375
Total intangible fixed assets	1,690	1,375
Investments and other assets	3,175	3,193
Total fixed assets	28,700	28,133
<b>TOTAL ASSETS</b>	<b>51,240</b>	<b>52,493</b>
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	2,927	2,848
Short-term loans payable	13,241	13,805
Income taxes payable	288	104
Provision for bonuses	469	322
Other current liabilities	2,137	2,346
Total current liabilities	19,064	19,427
Fixed liabilities		
Long-term borrowings	742	300
Deferred income taxes for revaluation	3,494	3,494
Net defined benefit liability	5,325	5,256
Other fixed liabilities	664	700
Total fixed liabilities	10,226	9,751
<b>TOTAL LIABILITIES</b>	<b>29,291</b>	<b>29,178</b>

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2016	Current Third Quarter as of December 31, 2016
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	11,372	11,372
Capital surplus	823	--
Retained earnings	3,609	5,359
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	15,481	16,407
Other comprehensive income		
Valuation difference in other marketable securities	99	149
Land revaluation difference	6,538	6,538
Foreign currency translation adjustments	(350)	(174)
Remeasurements of defined benefit plans	(583)	(437)
Total other comprehensive income	5,703	6,075
Non-controlling interests	764	832
<b>TOTAL NET ASSETS</b>	<b>21,949</b>	<b>23,314</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>51,240</b>	<b>52,493</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 Nine Months April 1, 2015 through December 31, 2015	<b>Current Nine Months April 1, 2016 through December 31, 2016</b>
Net sales	32,772	28,948
Cost of sales	19,364	16,366
Gross profit	13,408	12,582
Selling, general and administrative expenses	11,580	10,768
Operating income	1,827	1,814
Non-operating income		
Interest income	20	16
Dividend income	30	31
Exchange gains	236	--
Other	101	83
Total non-operating income	389	132
Non-operating expenses		
Interest expenses	150	108
Foreign exchange losses	--	98
Other	38	84
Total non-operating expenses	189	290
Ordinary income	2,027	1,655
Extraordinary profits		
Gain on sales of fixed assets	2	0
Total extraordinary profits	2	0
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	3	4
Loss on valuation of investment securities	--	6
Total extraordinary losses	3	10
Income before income taxes	2,026	1,646
Income tax, resident tax and business tax	467	391
Income tax adjustment	222	250
Total taxes	690	642
Profit	1,336	1,004
Profit attributable to non-controlling interests	135	77
Profit attributable to owners of parent	1,201	926

## Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous Nine Months April 1, 2015 through December 31, 2015	<b>Current Nine Months April 1, 2016 through December 31, 2016</b>
Profit	1,336	1,004
Other comprehensive income		
Valuation difference on available-for-sale securities	(67)	50
Deferred gains or losses on hedges	0	--
Foreign currency translation adjustment	(634)	190
Remeasurements of defined benefit plans	100	145
Total other comprehensive income	(601)	386
Comprehensive income	735	1,390
Comprehensive income attributable to:		
owners of parent	671	1,297
non-controlling interests	63	93

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 Nine Months April 1, 2015 through December 31, 2015	Current Nine Months April 1, 2016 through December 31, 2016
Cash flows from operating activities		
Income before income taxes	2,026	1,646
Depreciation	947	1,051
Goodwill amortization	108	72
Increase/ (decrease) of employees retirement benefits	(95)	(89)
Interest and dividend income	(50)	(48)
Interest expenses	150	108
(Increase)/ decrease in accounts receivable	(550)	(217)
(Increase)/ decrease in inventories	(661)	(846)
Increase/ (decrease) in accounts payable	(164)	49
Others	(135)	104
Sub total	1,575	1,828
Interest and dividend received	54	52
Interest paid	(140)	(101)
Income taxes paid	(664)	(636)
Net cash generated by operating activities	824	1,143
Cash flows from investing activities		
Payments into time deposits	(53)	(4)
Proceeds from withdrawal of time deposits	620	--
Purchase of property, plant and equipment	(915)	(300)
Proceeds from sales of property, plant and equipment	3	2
Others	(152)	(61)
Net cash generated by investing activities	(498)	(363)
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	1,420	688
Outflow from repayment of long-term debts	(1,459)	(787)
Others	(91)	(90)
Net cash used for financing activities	(130)	(188)
Effect of exchange rate changes on cash and cash equivalents	(108)	27
Increase/(decrease) in cash and cash equivalents	87	619
Cash and cash equivalents at beginning of period	5,918	6,059
Increase/(decrease) in cash and cash equivalents from newly consolidated subsidiary	76	--
Cash and cash equivalents at end of period	6,082	6,678

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 nine months (April 1, 2015 through December 31, 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	26,401	4,374	30,776	1,995	32,772
Intersegment sales or transfers	32	622	655	715	1,371
Total	26,434	4,997	31,431	2,711	34,143
Segment profit / (loss)	1,439	357	1,796	(4)	1,791

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	1,796
Other net loss	(4)
Elimination of intersegment transactions	35
Operating income in quarterly consolidated statements	1,827

II. Current first nine months (April 1, 2016 through December 31, 2016)

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	22,523	4,325	26,848	2,099	28,948
Intersegment sales or transfers	31	525	557	634	1,191
Total	22,555	4,850	27,405	2,734	30,140
Segment profit/(loss)	1,392	302	1,694	78	1,773

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	1,694
Other net profit	78
Elimination of intersegment transactions	40
Operating income in quarterly consolidated statements	1,814

### 3. Additional information

#### (1) Geographic segmentation

Previous first nine months (April 1, 2015 through December 31, 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	19,677	6,314	494	6,285	32,772	--	32,772
(2) Intersegment sales or transfers	8,766	--	14,629	16	23,412	(23,412)	--
Total	28,443	6,314	15,123	6,302	56,185	(23,412)	32,772
Operating income/ (loss)	918	178	755	277	2,129	(302)	1,827

Current first nine months (April 1, 2016 through December 31, 2016)

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	18,337	5,123	335	5,152	28,948	--	28,948
(2) Intersegment sales or transfers	7,467	--	12,467	5	19,940	(19,940)	--
Total	25,804	5,123	12,802	5,158	48,888	(19,940)	28,948
Operating income/ (loss)	729	207	1,003	148	2,088	(274)	1,814

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, Brazil

#### (2) Overseas sales by region

Previous first nine months (April 1, 2015 through December 31, 2015)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	6,647	8,101	8,224	22,973
II Consolidated sales				32,772
III Ratio of overseas sales to consolidated sales	20.3%	24.7%	25.1%	70.1%

Current first nine months (April 1, 2016 through December 31, 2016)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	5,339	6,831	7,094	19,265
II Consolidated sales				28,948
III Ratio of overseas sales to consolidated sales	18.4%	23.6%	24.5%	66.6%

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

(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