

(Translation)

**Consolidated Financial Results**  
**for fiscal year ended March 31, 2016**  
**(April 1, 2015 through March 31, 2016)**  
**[ Japanese GAAP ]**

May 13, 2016

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

Date of ordinary general shareholders' meeting: June 17, 2016  
Filing date of financial statements: June 20, 2016  
Supplementary materials prepared for financial results : Yes  
Financial information meeting held for financial results: Yes(for securities analyst)

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

**1. Consolidated results (April 1, 2015 through March 31, 2016)**

(1) Consolidated financial results

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>March 31, 2016</b>	<b>42,661</b>	<b>(7.3)</b>	<b>2,466</b>	<b>(16.7)</b>	<b>2,646</b>	<b>(2.4)</b>	<b>1,548</b>	<b>(16.8)</b>
March 31, 2015	46,019	3.0	2,961	1.9	2,711	15.2	1,860	27.4

Note: Comprehensive income :

305 million yen (-91.5%) fiscal year ended March 31, 2016  
3,605 million yen (60.0%) fiscal year ended March 31, 2015

Fiscal year ended	Net income per share - basic	Net income per share - diluted	Ratio of net income to shareholders equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
<b>March 31, 2016</b>	<b>80.11</b>	--	<b>7.4</b>	<b>5.0</b>	<b>5.8</b>
March 31, 2015	96.25	--	9.7	5.1	6.4

Ref. Equity in net income of affiliates --million yen at the end of March 2016, --million yen at the end of March 2015

(2) Consolidated financial position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
<b>March 31, 2016</b>	<b>51,240</b>	<b>21,949</b>	<b>41.3</b>	<b>1,095.86</b>
March 31, 2015	54,054	21,696	38.7	1,083.27

Ref. Equity 21,184 million yen at the end of March 2016, and 20,941 million yen at the end of March 2015

(3) Consolidated cash flow position

Fiscal year ended	Operating activities	Investing activities	Financing activities	Cash/cash equivalents
	Million yen	Million yen	Million yen	Million yen
<b>March 31, 2016</b>	<b>2,256</b>	<b>(752)</b>	<b>(1,399)</b>	<b>6,059</b>
March 31, 2015	2,386	(1,664)	(1,406)	5,918

**2. Cash dividends**

Fiscal year ended	Annual cash dividends per share					Total amount of cash dividends	Payout ratio of cash dividends	Ratio of dividends to net assets
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total	annual	consolidated	consolidated
	yen	yen	yen	yen	yen	Million yen	%	%
March 31, 2015	--	0.00	--	0.00	0.00	--	--	--
<b>March 31, 2016</b>	--	<b>0.00</b>	--	<b>0.00</b>	<b>0.00</b>	--	--	--
March 31, 2017 (Forecast)	--	0.00	--	10.00	10.00		12.1	

### 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		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half (six-months period ending September 30 2016)	21,000	1.4	1,000	29.5	900	(11.2)	600	40.7
Full year (ending March 31, 2017)	44,000	3.1	2,500	1.4	2,300	(13.1)	1,600	3.3

	Profit attributable to owners of parent
	yen
First half (six-months period ending September 30 2016)	31.04
Full year (ending March 31, 2017)	82.77

### 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) 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

(3) 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 March 2016

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

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

189,714 shares at the end of March 2016

189,472 shares at the end of March 2015

(iii) Average number of public shares during fiscal period

19,331,832 shares at the end of March 2016

19,332,032 shares at the end of March 2015

Ref: Overview of non-consolidated results

(1) Non-Consolidated financial results (April 1, 2015 through March 31, 2016)

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2016	<b>32,315</b>	<b>(8.1)</b>	<b>951</b>	<b>(44.0)</b>	<b>1,475</b>	<b>(30.0)</b>	<b>965</b>	<b>(45.9)</b>
<b>March 31, 2015</b>	35,168	2.9	1,698	27.9	2,108	86.6	1,783	29.9

	Net income per share - basic	Net income per share - diluted
	yen	yen
Fiscal year ended		
March 31, 2016	<b>49.92</b>	--
<b>March 31, 2015</b>	92.24	--

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
Fiscal year ended				
March 31, 2016	<b>42,499</b>	<b>17,146</b>	<b>40.3</b>	<b>886.96</b>
<b>March 31, 2015</b>	44,226	16,131	36.5	834.43

Ref. Equity 17,146 million yen at the end of March 2016, and 16,131 million yen at the end of March 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. Analysis of financial results and financial position**

### **( 1 ) Analysis of financial results**

#### **( i ) Financial results for the fiscal year ended March 31, 2016**

In the year to March 31, 2016, advanced economies including the US and European countries drove a continued moderate recovery in business conditions, supported by robust consumer spending. However, the economic outlook remained uncertain due to a sharp slowdown in the Chinese economy and a slump in resource-rich economies including Russia and Brazil, which were hurt by falling crude oil prices.

In Japan, economic conditions were challenging: despite improvement in the employment and income environment, consumer confidence stalled as the positive effects of the weaker yen on exports and manufacturing played out, and there was a slowdown in China and resource-rich economies.

Under these circumstances, the Janome Group worked to establish a high-revenue, high-margin structure in the final fiscal year of its three-year medium-term plans, implementing a wide range of measures. As well as launching new home-use sewing machine models in Japan and overseas, establishing a distribution and services base in China for the industrial equipment business, and integrating consolidated subsidiaries Janome Diecasting Co. Ltd. and Hosei Industries.co.,Ltd., efforts were made to cut manufacturing, selling and administrative costs in order to bolster competitiveness.

However, as a result of challenging operating conditions, in the year to March 31, 2016 sales were 42,661 million yen (down 3,358 million yen compared to the previous fiscal year), operating income was 2,466 million yen (down 494 million yen), ordinary income was 2,646 million yen (down 64 million yen), and net income attributable to parent company shareholders was 1,548 million yen (down 312 million yen).

The performance by segment is outlined below.

#### **<Household equipment>**

In the overseas sewing machine market, the Group launched new models of computerized sewing machines and embroidery-only machines to meet market requirements, while also working to stimulate demand mainly in Europe and the US, where conditions were relatively solid. Meanwhile, performance remained sluggish in Russia and emerging markets, due to the effects of economic instability.

In the domestic sewing machine market, the Group focused on expanding sales of flagship home-use sewing machine models while actively participating in sewing-related events, in order to develop new users and stimulate the domestic market. However, domestic sewing machine sales were weak, reflecting uncertainty about the economic outlook and a drop in real wages, which reduced consumers' willingness to spend.

As a result, sales of sewing machines in Japan and overseas amounted to 1.66 million units (down 330,000 units compared to the previous fiscal year).

Overall, net sales in the household equipment business were 34,073 million yen (down 3,228 million yen compared to the previous fiscal year), with operating income of 1,912 million yen (down 445 million yen).

#### <Industrial equipment>

In the desk-top robot and electro-press machine business, Janome Group worked to strengthen services and products, including utilizing a sales and services base established in Shenzhen and expanding the lineup of desk-top and cartesian robots equipped with high-level network support.

In the die-casting relating business, performance was solid following the integration of consolidated subsidiaries Janome Diecasting Co. Ltd. and Hosei Industries Co.,Ltd., which the Group leveraged to promote marketing activities.

However, sales in the industrial equipment business overall fell 127 million yen compared with the previous fiscal year to 5,828 million yen, and operating income fell 101 million yen to 460 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 2,758 million yen (down 2 million yen compared to the previous fiscal year), with operating income of 44 million yen (down 66 million yen) as a result of efforts to cut SG&A expenses, etc.

### **( ii ) Outlook for the fiscal year ending March 31, 2016**

Concerning the outlook for next fiscal year, uncertainty is expected to continue due to factors including the prolonged slump in resource-rich economies and yen appreciation.

In this operating environment, the Janome Group will push forward with its medium-term plans "JANOME BREAKTHROUGH 2018."

In the next fiscal year—the first year of these plans—the Janome Group will work to strengthen its sales network and increase local sales, positioning North America and Europe as the key markets in the overseas sewing machine business, while striving to create demand in the domestic sewing machine market. In the industrial equipment business, the Group will continue to focus its efforts on expanding earnings, by increasing applications for products and enhancing product valuations.

Janome Group forecasts consolidated earnings in the year to March 31, 2017 as follows: sales 44,000 million yen (up 3.1% compared to the previous fiscal year), operating income 2,500 million yen (up 1.4%), ordinary income 2,300 million yen (down 13.1%), and profit attributable to owners of parent 1,600 million yen (up 3.3%)

## **( 2 ) Analysis of financial position**

### **( i ) Assets, liabilities & net assets**

As of March 31, 2016, total assets on a consolidated basis were 51,240 million yen (down 2,813 million yen from the previous fiscal year ended March 31, 2015).

Current assets were 51,240 million yen (down 2,813 million yen from the previous fiscal year ended March 31, 2015) due to decreases in bills and accounts receivable, buildings and structures, etc.

Current liabilities were 29,291 million yen (down 3,067 million yen from the previous fiscal year ended March 31, 2015) due to factors efforts to reduce interest borrowing dept.

Net assets (including non-controlling interests) were 21,949 million yen (up 253 million yen from the previous fiscal year ended March 31, 2015), due to factors including the recording of profit attributable to owners of parent and a decrease in the foreign currency translation adjustments account.

## **(ii) Cash flows**

### <Cash flows from operating activities>

Net cash provided by operating activities amounted to 2,256 million yen due to factors including income before income taxes and decrease in notes and accounts receivable. (2,386 million yen inflow in the previous fiscal year)

### <Cash flows from investing activities>

Net cash generated by investing activities amounted to an outflow of 752 million yen. This was due to expenditure of 1,118 million yen to purchase tangible fixed assets, including buildings, machinery and equipment for manufacturing subsidiaries and molds associated with new models, and expenditure of 221 million yen to purchase intangible fixed assets, including software. (1,664 million yen outflow in the previous fiscal year)

### <Cash flows from financing activities>

Net cash generated by financing activities amounted to an outflow of 1,399 million yen, due to factors including debt repayment. (1,406 million yen outflow in the previous fiscal year)

As a result of the above, cash and cash equivalents on a consolidated basis as of March 31, 2016 increased by 141 million yen from the previous fiscal year ended March 31, 2015, totaling 6,059 million yen.

## **(3) Basic policy on profit distribution and distributions in the current and next periods**

The policy of the Janome Group is to make profit distributions after broadly taking into consideration retained earnings, etc. based on performance, the dividend payout ratio and future business expansion.

Concerning the dividend for the current period, a carry-forward loss of 1,392 million yen was recorded in the non-consolidated accounts, and as it is not possible to make a profit distribution, unfortunately no dividend will be paid.

With regard to the distribution for next fiscal year, as stated in "Notice of decrease in capital reserve and legal retained earnings, and appropriation of surplus" released separately today, a dividend of 10 yen per share is planned, subject to approval of "Decrease in capital reserve and legal retained earnings, and appropriation of surplus" at the 90th Ordinary General Meeting of Shareholders scheduled to take place on June 17, 2016.

## **(4) Risk factors to Janome Group businesses**

The Group recognizes that major risk factors as described below could affect Group financial results, stock price, as well as its financial position. The Group makes every effort to avoid such risks and/or manage them to minimize their affect if such events occur.

### **(i) Affect of exchange rate fluctuation**

With the Group's home use sewing machine and industrial equipment businesses operating proactively overseas markets, the ratio of overseas sales as a part of overall sales is around 70 percent.

Although the Group works to hedge any potential exchange losses incurred by foreign currency transactions through forward foreign exchange contracts and consolidating settlements between Headquarters and subsidiary companies, the

majority of overseas sales revenue is transacted on a foreign currency basis rather than on a yen basis. Therefore, Group performance could be affected by fluctuations in currency exchange rates.

**( ii ) Production cost increases**

With production facilities based in Japan, Taiwan and Thailand, the Group implements efficient production in accordance with demand trends in the world market. Procuring components globally, the Group endeavors to stabilize procurement and competitively reduce production costs. The Production Control Division manages and controls overall material procurement and production procedures for domestic and overseas production companies and factories. While the Group as a whole consistently makes every effort to minimize any negative affect on production costs, Group performance could be affected by price increases in raw materials such as steel, aluminum, copper and ABS resin.

**( iii ) Country risk**

Throughout the numerous countries where the Group has production and sales activities, political, economic and regulatory changes, natural disasters including earthquakes, typhoons etc., war and terrorism could occur, making it difficult to continue business activities. In such cases, Group performance might be affected.

**( iv ) Intra-Group quality management and control**

With respect to Group products, the Group has developed its production know-how over many years. The Group has instituted a PL (Product Liability) committee that holds monthly meetings regarding product safety and promotes quality assurance activities through the entire group via the Quality Assurance Department. In addition, the Group carries out quality system assessments and quality audits on sewing machines, industrial equipment and other products produced by the Company and its domestic and overseas network of associated companies. However, in the event of a large-scale quality problem, Group performance could be affected through the incurrence of recall costs and weakening of the brand image.

**( v ) Compliance and internal control**

The Group has established a management system for internal control under which operations will be carried out in strict compliance with related laws and regulations to uphold fair business practices and financial information reliability. However, should a situation occur wherein compliance with rules and regulations cannot be achieved, Group performance may be affected.

**( vi ) Market conditions**

Within the process of business operations, competition with industry rivals is unavoidable. To that end, the Group is constantly striving to improve product and service quality through fully integrated development, production and sales. However, in the case of drastic changes in market conditions including intensified competition, Group performance could be affected.

**( vii ) Management of personal information**

The Group has a privacy policy and personal information protection guidelines in place, and the Company established an inter-company management system to fulfill the obligations of the Japanese Personal Information Protection Law. However, should a case arise wherein customer information including personal information is leaked, it is possible that not only the Group's reputation but also Group performance could be affected.

**(viii) Fluctuation of interest rate**

Interest-bearing debts in the Group might be affected by an interest rate fluctuation. Group performance could be affected by an increase in interest-bearing amounts due to an increase in interest rates.

**(ix) Impairment of fixed assets**

With respect to tangible and intangible fixed assets, investment and other assets that the Group holds, should a case arise wherein impairment loss procedures become necessary, it is possible that both Group performance and its financial situation could be affected.

**(x) Deferred income tax assets**

The Group includes an appropriate amount of deferred income tax assets in the financial statements. However, in the future, should a change in business performance cause a decrease in estimated taxable income which in turn prevents a forwarded loss account from being eliminated as projected, Group performance could be affected by a reversal of part of its deferred income tax assets to income tax adjustment.

**(x i) Employee retirement benefit costs and obligations**

The Group calculates the amount of employee retirement benefit costs and obligations appropriately based on assumptions used in the relevant actuarial calculations. However, in the case of a drastic change in comparison with those assumptions, Group performance and financial situation could be affected by an increase in employee retirement benefit costs and obligations.

**(x ii) Financial covenants associated with borrowings**

Some of the Group's borrowings have financial covenants attached, which if infringed could result in the financial institution making a claim for accelerated repayment of the debt.

**(x iii) Business re-organization**

The Company may conduct business re-organization including withdrawal from unprofitable businesses and/or the liquidation of associated companies. The relevant business re-organization could affect the Group's performance and financial situation.

**(x iv) Risks related to Natural Disasters**

Natural disasters have the potential to seriously damage the Group facilities and equipment, as well as hinder production with an external supply chain problem. As a result, the Group's business operations and financial situation could be greatly affected.

**2. Description of the Janome Group**

Principal operations of the Company as well as its subsidiaries are focused primarily on the home use sewing machine related business, followed by the industrial equipment business and other business.

Operations by segment are as follows:

- Household equipment business

The Company as well as Janome Taiwan Co., Ltd., Janome (Thailand) Co., Ltd. and other manufacturing companies develop and produce primarily home use sewing machines, as well as embroidery machines and sewing-related product lines, with sales and marketing handled by the Company as well as by Janome America, Inc., Janome UK Ltd., Janome

Australia Pty. Ltd., Elna International Corp. SA and other sales companies. The Company also develops, produces and distributes 24-Hour Clean Bath systems for home and business use.

- Industrial equipment business

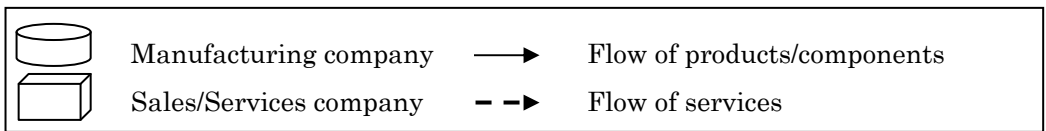
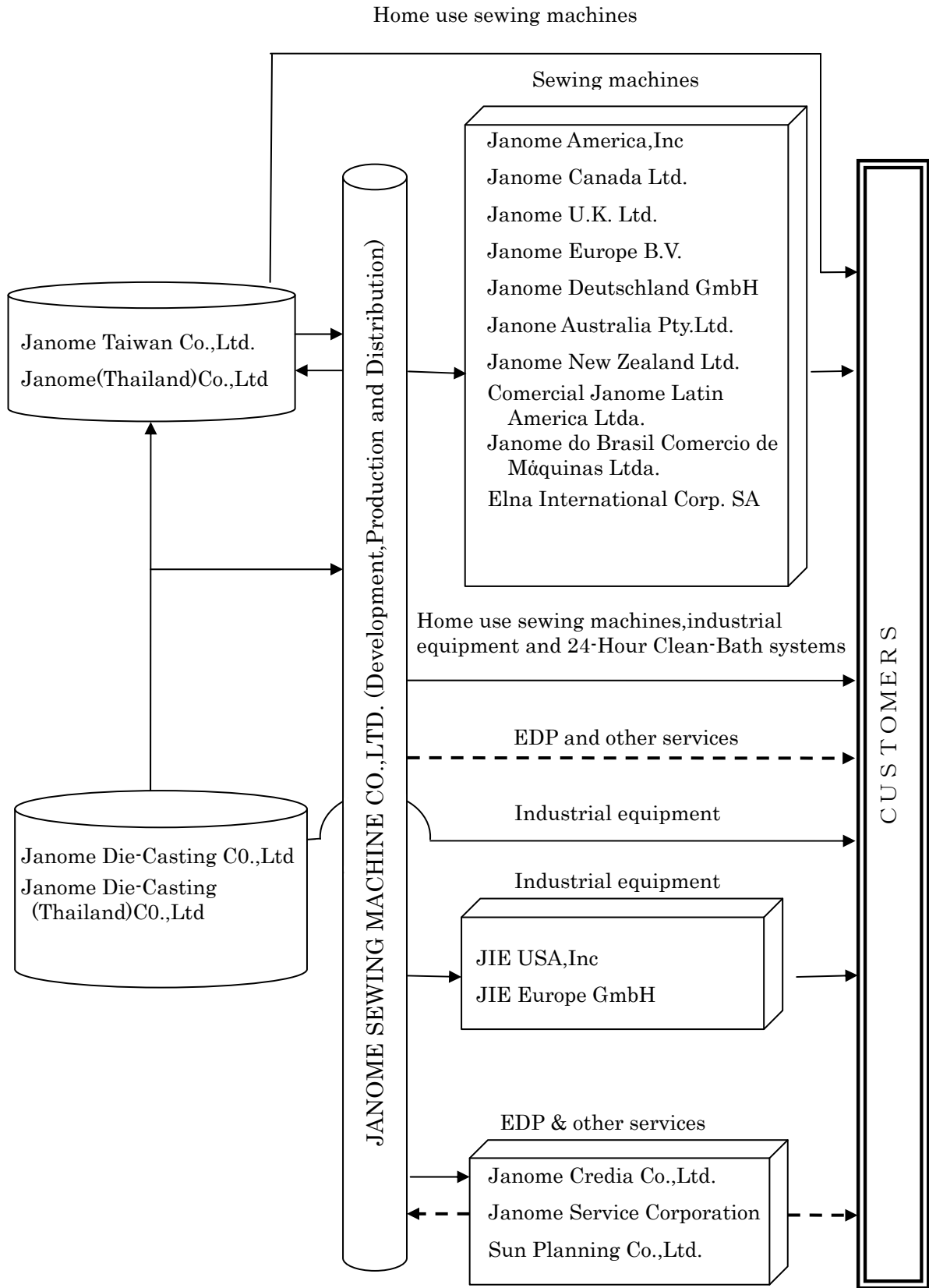
The Company develops and produces industrial equipment including desk-top robots and electropress machines, with sales and marketing handled by the Company and a limited number of overseas sales subsidiaries. Also, Janome Die-casting Co., Ltd., and Janome Die-casting (Thailand) Co., Ltd. manufacture and distribute die-cast products.

- Other businesses

Janome Credia Co., Ltd. is involved in IT software/electronic data processing services, and Janome Service Corporation installs and maintains 24-Hour Clean Bath systems. The Company also operates a real estate business.



[Overview and operational flow chart of group companies]



### **3. Management policy**

#### **(1) Basic Group management policy**

The Janome Group strives for appropriate and efficient management in order to contribute to the enhancement of society and culture through the provision of consistently high-quality products and services of value based on legislative compliance, while maintaining sound and amicable relations with all of its stakeholders.

In addition, the Group aims to build a robust earnings structure that can address changes in the external environment, to achieve efficient management, improve productivity, and strengthen its R&D and sales/services structures.

#### **(2) Issues to be addressed by the Group**

The Janome Group has drawn up a new set of medium-term plans entitled "JANOME BREAKTHROUGH 2018", mindful of our 100th anniversary in five years' time and looking toward the next 100 years, based on the trust and confidence that has been built up in the Group hitherto. The three main objectives are described below:

(i) In the home-use sewing machine business, become the leading company in the sector.

(ii) As well as the two pillars of home-use sewing machines and industrial equipment, develop a new product or service with the potential to become a third pillar in the future.

(iii) To survive in the next 100 years, continue to increase income – the consideration for providing customer value.

In order to achieve the above, we will operate in line with the basic policy outlined below.

##### **1) Enhancing corporate value**

Strengthen corporate governance through stronger internal controls, stronger internal audits, and by becoming a company that has an Audit, etc. Committee, and maximize profits for all stakeholders including shareholders and employees. Establish the following medium-term targets: operating profit margin of 10% as a measure of enhanced equity capital, a sound financial base and capital efficiency; a shareholders' equity ratio of 40%; return on equity (ROE) of 10%; return on assets (ROA) of 10%; and interest-bearing debt reliance of 25%. In addition, eliminate the accumulated loss (at the parent level) in the first year of the new medium-term plans, and reinstate the dividend. With regard to shareholder return, aim firstly for a non-consolidated dividend payout ratio of 40%, and as the end goal, aim to achieve a consolidated total return ratio of 30% while also considering the possibility of stock buybacks and shareholder incentives.

##### **2) Reform**

All employees shall strive to achieve greater business efficiency at their own initiative, based on a sense of urgency, in order to realize a change of mentality and structural reform of the organization.

##### **3) Selection and concentration**

With future changes in the business environment in mind, invest management resources in business fields where growth of around 30% can be expected over three years (overseas sewing machine sales, industrial equipment sales), and in new business fields, in order to expand and maximize profits.

##### **4) Strengthen cost competitiveness through further reduction of manufacturing costs**

Work to realize novel product development techniques and strengthen component procurement capability, while reviewing the production capacity and characteristics of each plant, in order to cut prime costs.

##### **5) Development**

As well as actual demand, anticipate latent demand and deliver products with appealing features.

#### **4. Basic approach to selection of accounting standards**

For the time being, Janome Group's policy is to prepare consolidated financial statements based on Japanese accounting standards, taking into consideration the comparability of the period covered by the consolidated financial statements and the comparability between companies. With regard to the application of IFRS, the Group's policy is to respond appropriately after taking into consideration circumstances both in and outside Japan.

## 5. Consolidated Financial Statements

### Consolidated Balance Sheets

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

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2015	Current Fiscal Year ended March 31, 2016
<b>ASSETS</b>		
Current assets		
Cash and deposits	6,692	6,300
Notes and accounts receivable-trade	7,644	7,019
Merchandise and finished goods	4,894	5,390
Work in process	482	524
Raw materials and supplies	2,628	2,288
Deferred taxes assets	747	628
Other	633	523
Allowance for doubtful accounts	(164)	(134)
Total current assets	<u>23,557</u>	<u>22,540</u>
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,831	6,458
Machinery, equipment and vehicles(net)	1,228	1,077
Land	14,785	14,702
Construction in progress	309	239
Other tangible fixed assets (net)	1,414	1,355
Total tangible fixed assets	<u>24,570</u>	<u>23,834</u>
Intangible fixed assets		
Goodwill	216	72
Other intangible fixed assets	1,847	1,618
Total intangible fixed assets	<u>2,064</u>	<u>1,690</u>
Investments and other assets		
Investment securities	1,921	1,447
Deferred tax assets	1,412	1,249
Other	570	520
Allowance for doubtful accounts	(43)	(42)
Total investments and other assets	<u>3,861</u>	<u>3,175</u>
Total fixed assets	<u>30,496</u>	<u>28,700</u>
<b>TOTAL ASSETS</b>	<u>54,054</u>	<u>51,240</u>
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	3,140	2,927
Short-term loans payable	10,934	11,780
Current portion of long-term loans payable	2,297	1,460
Income taxes payable	398	288
Provision for bonuses	491	469
Provision for Restructuring loss	86	--
Other current liabilities	2,929	2,137
Total current liabilities	<u>20,278</u>	<u>19,064</u>
Fixed liabilities		
Long-term borrowings	2,203	742
Deferred income taxes for revaluation	3,683	3,494
Net defined benefit liability	5,418	5,325
Other fixed liabilities	773	664
Total fixed liabilities	<u>12,079</u>	<u>10,226</u>
<b>TOTAL LIABILITIES</b>	<u>32,358</u>	<u>29,291</u>

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2015	Current Fiscal Year ended March 31, 2016
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	11,372	11,372
Capital surplus	823	823
Retained earnings	2,077	3,609
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	13,948	15,481
Other comprehensive income		
Valuation difference in other marketable securities	238	99
Gain (loss) on deferred hedge	(0)	--
Land revaluation difference	6,355	6,538
Foreign currency translation adjustments	798	(350)
Remeasurements of defined benefit plans	(398)	(583)
Total other comprehensive income	6,993	5,703
Non-controlling interests	754	764
<b>TOTAL NET ASSETS</b>	<b>21,696</b>	<b>21,949</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>54,054</b>	<b>51,240</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 Fiscal Year April 1, 2014 through March 31, 2015	Current Fiscal Year April 1, 2015 through March 31, 2016
Net sales	46,019	42,661
Cost of sales	28,315	24,962
Gross profit	17,704	17,698
Selling, general and administrative expenses	14,743	15,231
Operating income	2,961	2,466
Non-operating income		
Interest income	24	26
Dividend income	36	34
Exchange gains	--	151
Reversal of allowance for restructuring charges	--	83
Other	138	131
Total non-operating income	199	428
Non-operating expenses		
Interest expenses	251	200
Foreign exchange losses	89	--
Other	107	47
Total non-operating expenses	449	247
Ordinary income	2,711	2,646
Extraordinary profits		
Gain on sales of fixed assets	14	3
Total extraordinary profits	14	3
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	36	5
Impairment loss	293	7
Loss on valuation of investment securities	--	17
Other	7	--
Total extraordinary losses	337	30
Income before income taxes	2,388	2,619
Income tax, resident tax and business tax	777	585
Income tax adjustment	(270)	335
Total taxes	506	921
Profit	1,881	1,698
Profit attributable to non-controlling interests	21	149
Profit attributable to owners of parent	1,860	1,548

## Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous Fiscal Year April 1, 2014 through March 31, 2015	Current Fiscal Year April 1, 2015 through March 31, 2016
Profit	1,881	1,698
Other comprehensive income		
Valuation difference on available-for-sale securities	12	(139)
Deferred gains or losses on hedges	2	0
Land revaluation difference	385	187
Foreign currency translation adjustment	1,236	(1,256)
Remeasurements of defined benefit plans	85	(184)
Total other comprehensive income	1,723	(1,392)
Comprehensive income	3,605	305
Comprehensive income attributable to:		
owners of parent	3,476	263
non-controlling interests	128	41

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 Fiscal Year April 1, 2014 through March 31, 2015	Current Fiscal Year April 1, 2015 through March 31, 2016
Cash flows from operating activities		
Income before income taxes	2,388	2,619
Depreciation	1,199	1,504
Impairment loss	293	7
Goodwill amortization	144	144
Increase/ (decrease) in allowance for doubtful accounts	6	(18)
Increase/ (decrease) of employees retirement benefits	87	(17)
Interest and dividend income	(60)	(61)
Interest expenses	251	200
(Increase)/ decrease in accounts receivable	(691)	358
(Increase)/ decrease in inventories	(99)	(657)
Increase/ (decrease) in accounts payable	(264)	(300)
Others	160	(686)
Sub total	3,416	3,094
Interest and dividend received	60	61
Interest paid	(250)	(198)
Income taxes paid	(839)	(700)
Net cash generated by operating activities	2,386	2,256
Cash flows from investing activities		
Payments into time deposits	(30)	(54)
Proceeds from withdrawal of time deposits	37	620
Purchase of property, plant and equipment	(1,186)	(1,118)
Proceeds from sales of property, plant and equipment	100	7
Purchase of intangible assets	(560)	(221)
Others	(25)	14
Net cash generated by investing activities	(1,664)	(752)
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	1,485	1,007
Outflow from repayment of long-term debts	(2,819)	(2,297)
Cash dividends paid to non-controlling interests	(26)	(31)
Others	(45)	(78)
Net cash used for financing activities	(1,406)	(1,399)
Effect of exchange rate changes on cash and cash equivalents	300	(39)
Increase/(decrease) in cash and cash equivalents	(383)	64
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	5,918	6,059

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

## 6. Notes to consolidated financial statement

### Consolidated Segment Information a. Operational results by segment

Previous Fiscal Year (April 1, 2014 through March 31, 2015)

Currency unit: million yen

	Reportable segments			Other	Total
	Home hold equipment	Industrial equipment	Total		
Net sales					
Net sales to external customers	37,301	5,956	43,258	2,761	46,019
Intersegment sales or transfers	37	1,003	1,041	1,349	2,391
Total	37,339	6,960	44,300	4,110	48,410
Segment profit	2,357	561	2,918	111	3,030
Segment assets	32,653	9,284	41,938	6,503	48,441
Other items					
Depreciation	715	301	1,016	182	1,199
Amortization of goodwill	144	--	144	--	144
Impairment loss	207	--	207	86	293
Increase in property, plant and equipment, and intangible assets	1,091	616	1,707	38	1,746

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

Current Fiscal Year (April 1, 2015 through March 31, 2016)

Currency unit: million yen

	Reportable segments			Other	Total
	Home hold equipment	Industrial equipment	Total		
Net sales					
Net sales to external customers	34,073	5,828	39,902	2,758	42,661
Intersegment sales or transfers	43	793	837	936	1,774
Total	34,117	6,622	40,739	3,695	44,435
Segment profit	1,912	460	2,372	44	2,417
Segment assets	31,324	9,087	40,411	6,232	46,643
Other items					
Depreciation	945	386	1,332	171	1,504
Amortization of goodwill	144	--	144	--	144
Impairment loss	--	--	--	7	7
Increase in property, plant and equipment, and intangible assets	724	584	1,309	30	1,340

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



Difference between total amounts for reportable segments and amounts in the consolidated statement of income and main details of these differences (matters relating to difference adjustment)

Currency unit: million yen

Net Sales	Previous Fiscal Year	Current Fiscal Year
Reportable segment total	44,300	40,739
Other net sales	4,110	3,695
Elimination of intersegment transactions	(2,391)	(1,774)
Net sales on consolidated financial statement	46,019	42,661

Currency unit: million yen      Currency unit: million yen

Profit	Previous Fiscal Year	Current Fiscal Year
Reportable segment total	2,918	2,372
Other profit	111	44
Elimination of intersegment transactions	(69)	48
Operating income on consolidated financial statement	2,961	2,466

Currency unit: million yen

Assets	Previous Fiscal Year	Current Fiscal Year
Reportable segment total	41,938	40,411
Other Assets	6,503	6,232
Companywide asset	6,391	5,165
Elimination of intersegment transactions	(778)	(568)
Total assets on consolidated financial statement	54,054	51,240

Currency unit: million yen

Other	Reportable segment total		Other		Adjustment		Amount recorded in consolidated financial statement	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation	1,016	1,332	182	171	--	--	1,199	1,504
Amortization of goodwill	144	144	--	--	--	--	144	144
Impairment loss	207	--	86	7	--	--	293	7
Increase in fixed assets	1,707	1,309	38	30	--	--	1,746	1,340

#### b. Additional information

Previous Fiscal Year (April 1, 2014 through March 31, 2015)

##### 1. Geographic segmentation

Currency unit: million yen

	Japan	North America	South East Asia	Other	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	28,916	8,523	707	7,872	46,019	--	46,019
(2) Intersegment sales or transfers	10,762	--	20,205	10	30,979	(30,979)	--
Total	39,678	8,523	20,913	7,883	76,998	(30,979)	46,019
Operating income/(loss)	1,697	505	567	441	3,212	(250)	2,961

Note:

(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) South East Asia      ..... R.O.C. (Taiwan), Thailand
- (iii) Other regions      ..... U.K., Netherlands, Switzerland, Australia, New Zealand, Chile

2 Information by region

(1)Net Sales

Currency unit: million yen

Japan	North America		Europe		Other	Total
	USA	Canada	Russia	Other		
13,360	7,587	1,226	4,126	7,665	12,053	46,019

(2)Tangible fixed assets

Currency unit: million yen

Japan	Asia	Other	Total
20,658	3,681	230	24,570

Current Fiscal Year (April 1, 2015 through March 31, 2016)

1.Geographic segmentation

Currency unit: million yen

	Japan	North America	South East Asia	Other	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	25,871	8,209	665	7,914	42,661	--	42,661
(2) Intersegment sales or transfers	11,092	--	18,717	17	29,826	(29,826)	--
Total	36,963	8,209	19,382	7,932	72,487	(29,826)	42,661
Operating income/(loss)	1,134	179	1,142	347	2,803	(336)	2,466

Note:

(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 ) South East Asia       ..... R.O.C. (Taiwan), Thailand
- ( iii ) Other regions           ..... U.K., Netherlands, Switzerland, Australia, New Zealand, Chile, Brasil

2 Information by region

(1)Net Sales

Currency unit: million yen

Japan	North America		Europe		Other	Total
	USA	Canada	Russia	Other		
13,413	7,453	1,180	2,664	7,433	10,516	42,661

(2)Tangible fixed assets

Currency unit: million yen

Japan	Asia	Other	Total
20,429	3,188	216	23,834

**c.Information on impairment loss in noncurrent assets by reported segment**

Previous Fiscal Year (April 1, 2014 through March 31, 2015)

Currency unit: million yen

	Home hold equipment	Industrial equipment	Other	Elimination / Corporate	Total
Impairment loss	207	--	86	--	293

Current Fiscal Year (April 1, 2015 through March 31, 2016)

Currency unit: million yen

	Home hold equipment	Industrial equipment	Other	Elimination / Corporate	Total
Impairment loss	--	--	7	--	7

**d.Information on amortization of goodwill and amortized balance by reported segment**

Previous Fiscal Year (April 1, 2014 through March 31, 2015)

Currency unit: million yen

	Home hold equipment	Industrial equipment	Other
Amortization in fiscal year	144	--	144
Current year ending balance	216	--	216

Current Fiscal Year (April 1, 2015 through March 31, 2016)

Currency unit: million yen

	Home hold equipment	Industrial equipment	Other
Amortization in fiscal year	144	--	144
Current year ending balance	72	--	72