

(Translation)

**Consolidated Financial Results**  
**for fiscal Year Ended 31 Mar, 2013**  
**(1 April, 2012 through 31 March, 2013)**  
**[ Japanese GAAP ]**

10 May, 2013

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: Hachiro Makabe Title: President  
Contact person: Name: Takeyuki Oshima Title: General Manager, Accounting  
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Date of ordinary general shareholders' meeting: 21 June, 2013

Filing date of financial statements: 24 June, 2013

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 (1 April, 2012 through 31 March, 2013)**

(1) Consolidated financial results

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	%
<b>31 March, 2013</b>	<b>38,652</b>	<b>4.4</b>	<b>1,727</b>	<b>(26.6)</b>	<b>455</b>	<b>(78.3)</b>	<b>88</b>	<b>(57.5)</b>
31 March, 2012	37,040	2.6	2,354	11.3	2,101	31.9	207	(74.1)

Note: Comprehensive income was 1,501 million yen (91.8%) at the end of March 2013, and 782 million yen (59.7%) at the end of March 2012

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>31 March, 2013</b>	<b>0.46</b>	--	<b>0.6</b>	<b>0.9</b>	<b>4.5</b>
31 March, 2012	1.07	--	1.5	4.3	6.4

Ref. Equity in net income of affiliates --million yen at the end of March 2013,--million yen at the end of March 2012

(2) Consolidated financial position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
<b>31 March, 2013</b>	<b>50,183</b>	<b>16,373</b>	<b>31.6</b>	<b>81.91</b>
31 March, 2012	49,703	14,891	28.9	74.40

Ref. Equity 15,835 million yen at the end of March 2013, and 14,383 million yen at the end of March 2012

(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>31 March, 2013</b>	<b>636</b>	<b>(1,319)</b>	<b>(627)</b>	<b>4,785</b>
31 March, 2012	820	(847)	(868)	5,885

**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	%	%
31 March, 2012	--	0.00	--	0.00	0.00	--	--	--
<b>31 March, 2013</b>	--	<b>0.00</b>	--	<b>0.00</b>	<b>0.00</b>	--	--	--
31 March, 2014 (Forecast)	--	0.00	--	0.00	0.00		--	

### 3. Forecast of consolidated results for fiscal year ending 31 March, 2014

(1 April, 2013 through 31 March, 2014)

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 30 September 2013)	20,000	4.7	1,100	13.4	900	260.1	500	--
Full year (ending 31 March, 2014)	41,000	6.1	2,400	38.9	2,000	339.5	1,300	--

	Net Income per share - basic
	yen
First half (six-months period ending 30 September 2013)	2.59
Full year (ending 31 March, 2014)	6.72

### 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 year.

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

( i ) Changes due to amendments in accounting principles: None

( ii ) Any changes other than the aforementioned: Yes

( 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)

195,214,448 shares at the end of March 2013

195,214,448 shares at the end of March 2012

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

1,893,667 shares at the end of March 2013

1,893,155 shares at the end of March 2012

( iii ) Average number of public shares during fiscal period

193,320,501 shares at the end of March 2013

193,321,667 shares at the end of March 2012

Ref: Overview of non-consolidated results

(1) Non-Consolidated financial results (1 April, 2012 through 31 March, 2013)

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	%
Fiscal year ended								
<b>31 March, 2013</b>	<b>30,929</b>	<b>6.1</b>	<b>600</b>	<b>(37.0)</b>	<b>(250)</b>	<b>--</b>	<b>(291)</b>	<b>--</b>
31 March, 2012	29,145	3.2	953	18.4	1,046	36.5	(374)	--

	Net income per share - basic	Net income per share - diluted
	yen	yen
Fiscal year ended		
<b>31 March, 2013</b>	<b>(1.51)</b>	<b>--</b>
31 March, 2012	(1.94)	--

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended	Million yen	Million yen	%	yen
<b>31 March, 2013</b>	<b>43,522</b>	<b>12,482</b>	<b>28.7</b>	<b>64.57</b>
31 March, 2012	45,176	12,655	28.0	65.46

Ref. Equity 12,482 million yen at the end of March 2013, and 12,655 million yen at the end of March 2012

**Statement Relating to Execution Status of Audit Procedures**

This 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

### ① Financial results for the fiscal year ended 31 March, 2013

In the year to 31 March, 2013, the global economy slowed amid growing market uncertainty stemming from the European debt crisis and US fiscal problems, with little in the way of support for the economy in spite of some positive signs including increased consumption and capital expenditure in the US and Asia regions.

In Japan, the change of political administration in December 2012 brought hopes for an economic recovery, prompting yen depreciation and higher share prices, which in turn boosted corporate earnings, especially for exporters. However, this did not result in a bottoming of consumer confidence, partly because of ongoing difficult employment conditions.

Under these circumstances, the Janome Group strengthened its cost competitiveness through the launch of new models and comprehensive manufacturing cost reductions, while developing new markets and conducting aggressive marketing activities.

As a result, in the year to 31 March, 2013 total sales were 38,652 million yen (up 1,611 million compared to the previous fiscal year), and operating income was 1,727 million yen (down 626 million yen), while ordinary income was 455 million yen (down 1,646 million yen compared to the corresponding period of the previous fiscal year) and net income was 88 million yen (down 119 million) due to the recording of a restructuring loss as an extraordinary expense.

The performance by segment is outlined below.

#### <Household equipment>

In overseas sewing machine markets, conditions were challenging worldwide, as reflected in higher unemployment rates in countries such as Greece and Spain due to the European debt crisis, and sluggish consumer spending. Under these circumstances, in developed markets we strove to stimulate demand among home users who use sewing machines to make quilts and other products as their hobby, launching sales of the high-end MemoryCraft9900, 8900QCP and 8200QCP under the JANOME brand, and the eXcellence760 and eXcellence730 under the Elna brand, to sales subsidiaries and distributors. Thanks to ongoing aggressive sales promotion activities focused on emerging markets including Russia and India, overseas sewing machine sales amounted to 1.88 million units (an increase of 200,000 units compared to the previous fiscal year). Sales were 23,741 million yen (up 2,140 million yen compared to the previous fiscal year), in part due to rapid yen appreciation from the fourth quarter.

In the domestic sewing machine market, we launched products tailored to our respective sales channels and participated actively in various events such as quilt shows in order to stimulate the market. However, sales amounted to 190,000 units (down 30,000 units compared to the previous fiscal year) / 6,219 million yen (down 382 million yen), due to a significant fall in market prices and sluggish sales among key distributors.

Sales of 24-hour clean bath units and water adjustment equipment were 1,379 million yen (down 38 million yen compared to the previous fiscal year), despite our marketing efforts including proactive visits to customers to stimulate replacement demand.

Overall, net sales in the household equipment business were 31,341 million yen (up 1,720 million yen compared to the previous fiscal year), with operating income of 1,216 million yen (down 600 million yen).

#### <Industrial equipment>

In the industrial equipment segment, the Group carried out aggressive marketing activities focused on manufacturing-related companies in fields including information devices and equipment, such as mobile phones, and automotive parts, with an emphasis on the domestic market and the emerging markets of China and South East Asia. We also worked to address the specific requirements of our

customers, including user-based customization of desk-top robot specifications such as coating/screw-fastening/board-cutting as well as electro-press machine specifications.

The die-casting business achieved solid performance, with increased orders from automotive firms as domestic production activity gradually recovered from the temporary decline it suffered following the Great East Japan Earthquake.

Overall, net sales in the industrial equipment business were 4,744 million yen (up 182 million yen compared to the previous fiscal year), with operating income of 498 million yen (down 45 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 2,566 million yen (down 291 million yen compared to the previous fiscal year), with operating income of 45 million yen (up 17 million yen).

## **② Outlook for the fiscal year ending 31 March, 2014**

With regard to the outlook for the fiscal year ending 31 March, 2014, the prospects for business conditions remain uncertain, in spite of signs of recovery including yen depreciation and a rise in share prices, with factors including rising raw materials prices due to soaring import prices and the continuation of difficult employment conditions, as well as fears surrounding the European debt problems. Under these circumstances, Janome Group forecasts consolidated earnings in the year to 31 March, 2014 as follows: sales 41,000 million yen (up 6.1% compared to the previous fiscal year), operating income 2,400 million yen (up 38.9%), ordinary income 2,000 million yen (up 339.5%), and net income 1,300 million yen.

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

### **① Assets, liabilities & net assets**

As of 31 March, 2013, total assets on a consolidated basis were 50,183 million yen (up 479 million yen from the previous fiscal year ended 31 March, 2012).

Current assets were 50,183 million yen (up 479 million yen from the previous fiscal year ended 31 March, 2012) due to increases in merchandise and products, raw materials and supplies, etc.

Current liabilities were 33,810 million yen (down 1,002 million yen from the previous fiscal year ended 31 March, 2012) due to factors including efforts to reduce interest-bearing debt.

Net assets (including minority interests) were 16,373 million yen (up 1,481 million yen from the previous fiscal year ended 31 March, 2012), due to factors including an increase in the foreign currency translation adjustments account due to yen depreciation.

### **② Cash flows**

<Cash flows from operating activities>

Funds increased 636 million yen due to factors including the recording of a pre-tax net profit and decrease in accounts receivable.(820 million yen increase in funds in the previous fiscal year)

<Cash flows from investing activities>

Net cash generated by investing activities amounted to an outflow of 1,319 million yen. This was due to expenditure of 750 million yen to purchase tangible fixed assets, including machinery and equipment for manufacturing subsidiaries and molds associated with new models, and expenditure of 387 million yen to purchase intangible fixed assets, including software.(847 million yen outflow in the previous fiscal year)

<Cash flows from financing activities>

Net cash generated by financing activities amounted to an outflow of 627 million yen, due to factors including debt repayment.(868 million yen outflow in the previous fiscal year)

As a result of the above, cash and cash equivalents on a consolidated basis as of 31 March, 2013 decreased by 1,099 million yen from the previous fiscal year ended 31 March, 2012, totaling 4,785 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.

The Group regrets that in the current period, no dividend will be paid due to insufficient accumulation of retained earnings to make a profit distribution.

### **(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.

#### **① 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 60 percent.

Although the Group works to hedge any potential exchange losses incurred by foreign currency transactions through foreign exchange advance reservation systems 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.

#### **② 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.

#### **③ 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.

#### **④ 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.

#### **⑤ 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.

#### **⑥ 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.

#### **⑦ 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.

#### **⑧ Fluctuation of interest rate**

Interest-bearing debts in the Group might be affected by an interest rate fluctuation. In order to reduce the substantial effects of interest rate exposure, the Group manages to shift borrowing from short-term loans to long-term loans. However, Group performance could be affected by an increase in interest-bearing amounts due to an increase in interest rates.

#### **⑨ 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.

#### **⑩ 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.

#### **⑪ 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.

#### **⑫ 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.

#### **⑬ 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**

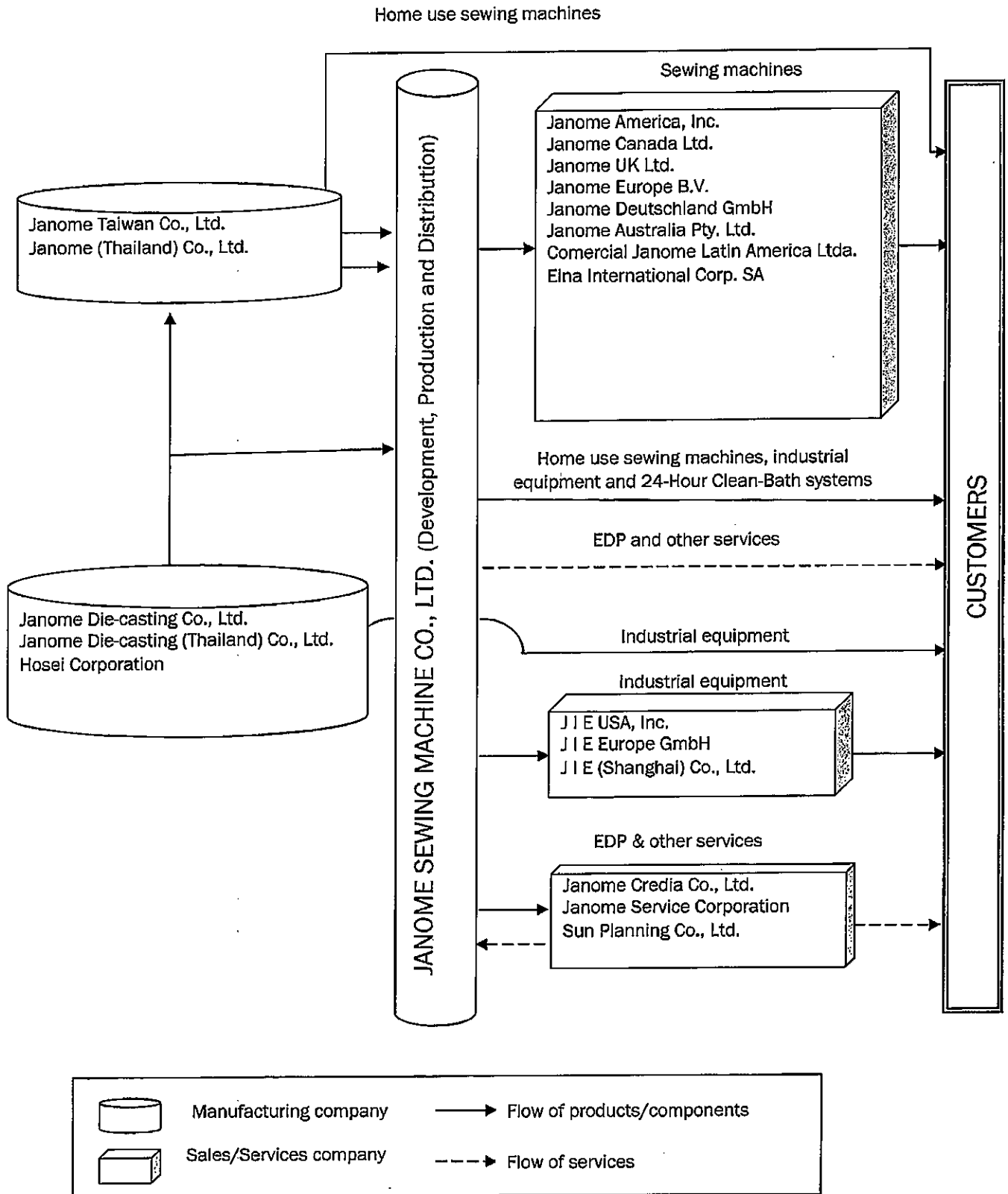
The Company develops and produces industrial equipment including desk-top robots and electropress machines, with sales and marketing handled by the Company and a limited number of overseas sales subsidiaries. Also, Janome Die-casting Co., Ltd., Janome Die-casting (Thailand) Co., Ltd. and Hosei Corporation 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. Issues to be addressed by the Group

Against a backdrop of dramatic change in the global economy in recent times, the Janome Group has drawn up medium-term plans in order to stably and continually enhance our corporate value, and based on our policy of focusing management resources on future growth businesses in order to become a global company with significant earning power, we have set out three key objectives as follows:

- (1) Establish low-cost structure
- (2) Achieve operating profit margin of 10%
- (3) Strengthen production structure

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

① Focus management resources on businesses/markets with growth potential

In the sewing machine business, we will focus on the overseas market, which is key to growth, and commit management resources to both this and the industrial equipment business segment.

② Strengthen earnings base through reductions in manufacturing costs, selling and administrative costs

With global competition expected to intensify, we will transfer the manufacturing control/purchasing control/manufacturing technology business functions associated with sewing machine production to our manufacturing base in Taiwan in order to realize further cost reductions. In addition, we will push forward with reductions in selling and administrative costs through measures such as reducing business overlap between segments and eliminating unnecessary operations.

③ Strengthen development capability, accelerate pace

We will clarify our development policy and build an efficient development structure through measures such as narrowing the focus of development topics, developing product series, and promoting the sharing of components.

④ Rebuild the production structure for the future

Envisaging an increase in sewing machine sales to emerging markets, we will build a production structure in Thailand that allows us to increase our production capacity from the current 1.2 million units to 1.5 million units in three years' time.

## 4. Consolidated Financial Statements

### Consolidated Balance Sheets

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

Currency unit : million yen

	Previous Fiscal Year ended 31 Mar, 2012	Current Fiscal Year ended 31 Mar, 2013
<b>ASSETS</b>		
Current assets		
Cash and deposits	6,639	5,580
Notes and accounts receivable-trade	6,286	6,183
Merchandise and finished goods	3,909	4,602
Work in process	611	501
Raw materials and supplies	2,304	2,598
Deferred taxes assets	502	495
Other	482	354
Allowance for doubtful accounts	(133)	(146)
Total current assets	20,603	20,170
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,420	6,216
Machinery, equipment and vehicles(net)	866	965
Land	15,792	15,878
Construction in progress	395	602
Other tangible fixed assets (net)	857	1,020
Total tangible fixed assets	24,333	24,683
Intangible fixed assets		
Goodwill	668	505
Other intangible fixed assets	1,114	1,376
Total intangible fixed assets	1,782	1,882
Investments and other assets		
Investment securities	1,274	1,612
Deferred tax assets	1,261	1,404
Other	568	503
Allowance for doubtful accounts	(120)	(74)
Total investments and other assets	2,984	3,446
Total fixed assets	29,099	30,012
<b>TOTAL ASSETS</b>	<b>49,703</b>	<b>50,183</b>

## Consolidated Balance Sheets

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

Currency unit : million yen

	Previous Fiscal Year ended 31 Mar, 2012	Current Fiscal Year ended 31 Mar, 2013
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	3,650	2,861
Short-term loans payable	7,005	6,957
Current portion of long-term loans payable	4,025	3,285
Income taxes payable	284	272
Provision for bonuses	403	417
Provision for Restructuring loss	398	92
Other current liabilities	2,061	2,100
Total current liabilities	17,830	15,987
Fixed liabilities		
Long-term borrowings	7,422	8,119
Deferred income taxes for revaluation	4,420	4,420
Liability for employee retirement payments	4,476	4,572
Other fixed liabilities	663	711
Total fixed liabilities	16,982	17,822
<b>TOTAL LIABILITIES</b>	<b>34,812</b>	<b>33,810</b>
<b>NET ASSETS</b>		
Shareholders equity		
Common stock	11,372	11,372
Capital surplus	823	823
Retained earnings	(1,934)	(1,846)
Treasury stock, at cost	(325)	(324)
Total shareholders' equity	9,936	10,024
Other comprehensive income		
Valuation difference in other marketable securities	15	131
Gain (loss) on deferred hedge	(12)	(7)
Land revaluation difference	6,572	6,572
Foreign currency translation adjustments	(2,128)	(885)
Total other comprehensive income	4,446	5,810
Minority interest share	507	537
<b>TOTAL NET ASSETS</b>	<b>14,891</b>	<b>16,373</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>49,703</b>	<b>50,183</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 1 April, 2011 through 31 Mar, 2012	Current Fiscal Year 1 April, 2012 through 31 Mar, 2013
Net sales	37,040	38,652
Cost of sales	21,444	23,436
Gross profit	15,596	15,215
Selling, general and administrative expenses		
Total selling, general and administrative expenses	13,242	13,487
Operating income	2,354	1,727
Non-operating income		
Interest income	22	21
Dividend income	24	22
Exchange gains	70	-
Gain on sales of scraps	29	27
Reversal of allowance for doubtful accounts	-	46
Other	109	77
Total non-operating income	255	194
Non-operating expenses		
Interest expenses	415	380
Foreign exchange losses	-	280
Restructuring loss	-	690
Other	92	116
Total non-operating expenses	508	1,466
Ordinary income	2,101	455
Extraordinary profits		
Gain on sales of fixed assets	34	3
Total extraordinary profits	34	3
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	54	13
Impairment loss	13	-
Loss on valuation of investment securities	28	10
Restructuring loss	750	-
Loss on abolishment of retirement benefit plan	239	-
Total extraordinary losses	1,085	24
Income before income taxes and minority interests	1,050	434
Income tax, resident tax and business tax	559	543
Income tax adjustment	257	(159)
Total taxes	817	384
Net income before minority interests	233	49
Minority interests income / (loss)	26	(38)
Net income	207	88

## Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous Fiscal Year 1 April, 2011 through 31 Mar, 2012	Current Fiscal Year 1 April, 2012 through 31 Mar, 2013
Income before minority interests	233	49
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	116
Deferred gains or losses on hedges	5	4
Revaluation reserve for land	627	-
Foreign currency translation adjustment	(79)	1,330
Total other comprehensive income	548	1,451
Comprehensive income	782	1,501
Comprehensive income attributable to:		
parent company owners	768	1,452
minority interests	14	49

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

## Consolidated statements of changes in net assets

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

Currency unit: million yen

	Previous Fiscal Year 1 April, 2011 through 31 Mar, 2012	Current Fiscal Year 1 April, 2012 through 31 Mar, 2013
Shareholders' equity		
Capital stock		
Current year beginning balance	11,372	11,372
Changes during current year		
Total changes of items during current year	--	--
Current year ending balance	11,372	11,372
Capital surplus		
Current year beginning balance	823	823
Changes during current year		
Total changes of items during current year	--	--
Current year ending balance	823	823
Retained earnings		
Current year beginning balance	(2,174)	(1,934)
Cumulative effect of changes in accounting policies	12	--
Retained earnings as restated	(2,161)	(1,934)
Changes during current year		
Net income	207	88
Disposal of treasury stock	(0)	(0)
Reversal of revaluation reserve for land	19	--
Total changes of items during current year	227	88
Current year ending balance	(1,934)	(1,846)
Treasury stock		
Current year beginning balance	(325)	(325)
Changes during current year		
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	0	0
Total changes to items during current year	0	0
Current year ending balance	(325)	(324)
Total shareholders' equity		
Current year beginning balance	9,697	9,936
Cumulative effect of changes in accounting policies	12	--
Shareholders' equity as restated	9,709	9,936
Changes during current year		
Net income	207	88
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	0	0
Reversal of revaluation reserve for land	19	--
Total changes to items during current year	227	88
Current year ending balance	9,936	10,024

Currency unit: million yen

	Previous Fiscal Year 1 April, 2011 through 31 Mar, 2012	Current Fiscal Year 1 April, 2012 through 31 Mar, 2013
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities		
Current year beginning balance	19	15
Changes during current year		
Net changes to items other than shareholders' equity	(3)	116
Total changes to items during current year	(3)	116
Current year ending balance	15	131
Deferred gains or losses on hedges		
Current year beginning balance	(17)	(12)
Changes during current year		
Net changes to items other than shareholders' equity	5	4
Total changes to items during current year	5	4
Current year ending balance	(12)	(7)
Revaluation reserve for land		
Current year beginning balance	5,964	6,572
Changes during current year		
Net changes to items other than shareholders' equity	607	--
Total changes to items during current year	607	--
Current year ending balance	6,572	6,572
Foreign currency translation adjustment		
Current year beginning balance	(2,061)	(2,128)
Changes during current year		
Net changes to items other than shareholders' equity	(67)	1,243
Total changes to items during current year	(67)	1,243
Current year ending balance	(2,128)	(885)
Total accumulated other comprehensive income		
Current year beginning balance	3,905	4,446
Changes during current year		
Net changes to items other than shareholders' equity	541	1,364
Total changes to items during current year	541	1,364
Current year ending balance	4,446	5,810
Minority interests		
Current year beginning balance	514	507
Changes during current year		
Net changes to items other than shareholders' equity	(6)	29
Total changes to items during current year	(6)	29
Current year ending balance	507	537
Total net assets		
Current year beginning balance	14,116	14,891
Cumulative effect of changes in accounting policies	12	--
Total net assets as restated	14,129	14,891
Changes during current year		
Net income	207	88
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	0	0
Reversal of revaluation reserve for land	19	--
Net changes to items other than shareholders' equity	534	1,393
Total changes to items during current year	761	1,481
Current year ending balance	14,891	16,373

## Consolidated Statement of Cash Flows

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

Currency unit : million yen

	Previous Fiscal Year 1 April, 2011 through 31 Mar, 2012	Current Fiscal Year 1 April, 2012 through 31 Mar, 2013
<b>Cash flows from operating activities</b>		
Net income before income taxes and minority interests	1,050	434
Depreciation	950	1,013
Impairment loss	13	--
Goodwill amortization	165	162
Increase/ (decrease) in allowance for doubtful accounts	18	(53)
Increase / (decrease) of employees retirement benefits	225	12
Interest and dividends income	(46)	(43)
Interest expenses	415	380
Loss / (gain) on valuation of investment securities	28	10
(Increase) / decrease in accounts receivable	(709)	475
(Increase) / decrease in inventories	(1,337)	(42)
Increase / (decrease) in accounts payable	729	(557)
Others	198	(240)
Sub total	<u>1,702</u>	<u>1,551</u>
Interest and dividend received	51	43
Interest paid	(407)	(388)
Income taxes paid	(526)	(569)
Net cash generated by operating activities	<u>820</u>	<u>636</u>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(83)	(317)
Proceeds from withdrawal of time deposits	80	305
Purchase of property, plant and equipment	(485)	(750)
Proceeds from sales of property, plant and equipment	111	5
Purchase of intangible assets	(371)	(387)
Others	(99)	(175)
Net cash generated by investing activities	<u>(847)</u>	<u>(1,319)</u>
<b>Cash flows from financing activities</b>		
Net increase / (decrease) in short-term borrowings	253	(509)
Inflow from long-term borrowings	4,200	4,050
Outflow from repayment of long-term debts	(5,089)	(4,095)
Redemption of bonds	(60)	--
Cash dividends paid to minority shareholders	(20)	(19)
Others	(151)	(52)
Net cash used for financing activities	<u>(868)</u>	<u>(627)</u>
Effect of exchange rate changes on cash and cash equivalents	(11)	210
Increase / (decrease) in cash and cash equivalents	<u>(907)</u>	<u>(1,099)</u>
Cash and cash equivalents at beginning of year	<u>6,792</u>	<u>5,885</u>
Cash and cash equivalents at end of year	<u>5,885</u>	<u>4,785</u>

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



## 5. Notes to consolidated financial statement

### Consolidated Segment Information

#### a. Operational results by segment

Previous Fiscal Year (1 April, 2011 through 31 March, 2012)

Currency unit: million yen

	Reportable segments			Other	Total
	Home use sewing machines	Industrial equipment	Total		
Net sales					
Net sales to external customers	29,620	4,562	34,182	2,857	37,040
Intersegment sales or transfers	69	901	970	1,165	2,135
Total	29,689	5,463	35,153	4,023	39,176
Segment profit	1,817	544	2,361	27	2,388
Segment assets	30,586	6,111	36,698	6,385	43,083
Other items					
Depreciation	578	214	793	157	950
Amortization of goodwill	144	21	165	--	165
Impairment loss	13	--	13	--	13
Increase in property, plant and equipment, and intangible assets	519	191	710	145	856

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 (1 April, 2012 through 31 March, 2013)

Currency unit: million yen

	Reportable segments			Other	Total
	Home use sewing machines	Industrial equipment	Total		
Net sales					
Net sales to external customers	31,341	4,744	36,085	2,566	38,652
Intersegment sales or transfers	55	806	861	1,230	2,091
Total	31,396	5,550	36,947	3,796	40,743
Segment profit	1,216	498	1,715	45	1,760
Segment assets	32,294	6,146	38,440	6,443	44,884
Other items					
Depreciation	608	226	835	178	1,013
Amortization of goodwill	144	17	162	--	162
Increase in property, plant and equipment, and intangible assets	842	256	1,099	38	1,137

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	35,153	36,947
Other net sales	4,023	3,796
Elimination of intersegment transactions	(2,135)	(2,091)
Net sales on consolidated financial statement	37,040	38,652

Currency unit: million yen      Currency unit: million yen

Profit	Previous Fiscal Year	Current Fiscal Year
Reportable segment total	2,361	1,715
Other profit	27	45
Elimination of intersegment transactions	(34)	(33)
Operating income on consolidated financial statement	2,354	1,727

Currency unit: million yen

Assets	Previous Fiscal Year	Current Fiscal Year
Reportable segment total	36,698	38,440
Other Assets	6,385	6,443
Companywide asset	7,163	5,883
Elimination of intersegment transactions	(542)	(584)
Total assets on consolidated financial statement	49,703	50,183

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	793	835	157	178	--	--	950	1,013
Amortization of goodwill	165	162	--	--	--	--	165	162
Impairment loss	13	--	--	--	--	--	13	--
Increase in fixed assets	710	1,099	145	38	--	--	856	1,137

**b. Additional information**

I Previous Fiscal Year (1 April, 2011 through 31 March, 2012)

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	25,501	5,206	795	5,537	37,040	--	37,040
(2) Intersegment sales or transfers	7,799	--	15,206	5	23,011	(23,011)	--
Total	33,301	5,206	16,001	5,542	60,051	(23,011)	37,040
Operating income/(loss)	936	589	492	431	2,450	(96)	2,354

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		
13,804	4,457	1,061	4,021	4,493	9,202	37,040

(2)Tangible fixed assets

Currency unit: million yen

Japan	Asia	Other	Total
21,898	2,272	162	24,333

II Current Fiscal Year (1 April, 2012 through 31 March, 2013)

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	26,796	5,711	619	5,524	38,652	--	38,652
(2) Intersegment sales or transfers	8,092	--	16,857	36	24,985	(24,985)	--
Total	34,888	5,711	17,477	5,561	63,638	(24,985)	38,652
Operating income/(loss)	592	501	371	480	1,944	(217)	1,727

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		
13,144	4,884	1,049	5,033	4,718	9,822	38,652

(2)Tangible fixed assets

Currency unit: million yen

Japan	Asia	Other	Total
21,551	2,942	189	24,683

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

Previous Fiscal Year (1 April, 2011 through 31 March, 2012)

Currency unit: million yen

	Home use sewing machines	Industrial equipment	Other	Elimination / Corporate	Total
Impairment loss	13	--	--	--	13

Current Fiscal Year (1 April, 2012 through 31 March, 2013)

None.

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

Previous Fiscal Year (1 April, 2011 through 31 March, 2012)

Currency unit: million yen

	Home use sewing machines	Industrial equipment	Other
Amortization in fiscal year	144	21	165
Current year ending balance	650	17	668

Current Fiscal Year (1 April, 2012 through 31 March, 2013)

Currency unit: million yen

	Home use sewing machines	Industrial equipment	Other
Amortization in fiscal year	144	17	162
Current year ending balance	505	--	505