

(Translation)

Consolidated Financial Results
for the Second Quarter Ended September 30, 2013
(April 1, 2013 through September 30, 2013)
[Japanese GAAP]

November 6, 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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Filing date of financial statements for the first quarter year: November 13, 2013

Payment date of cash dividends: ----

Supplementary materials prepared for quarterly financial results: Yes

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

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

1. Consolidated results (April 1, 2013 through September 30, 2013)

(1) Consolidated financial results

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 year ended September 30, 2013	21,644	13.3	1,268	30.7	629	152.0	259	-
September 30, 2012	19,101	9.0	970	83.5	249	(61.4)	(5)	-

Note: Comprehensive income was 796 million yen (-%) at the end of September 2013, and -470 million yen (-%) at the end of September 2012

	Net income per share - basic	Net income per share - diluted
First half year ended	yen	yen
September 30, 2013	1.34	--
September 30, 2012	(0.03)	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
First half year ended	Million yen	Million yen	%	yen
September 30, 2013	52,296	17,145	31.6	85.60
March 31, 2013	50,183	16,373	31.6	81.91

Ref. Equity 16,548 million yen at the end of September 2013, and 15,835 million yen at the end of March 2013

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, 2013	--	0.00	--	0.00	0.00
March 31, 2014	--	0.00			
March 31, 2014 (Forecast)			--	0.00	0.00

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

(April 1, 2013 through March 31, 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	%
Full year (April 1, 2013 through March 31, 2014)	42,000	8.7	2,500	44.7	1,700	273.5	1,000	-

	Net Income per share - basic
	yen
Full year (April 1, 2013 through March 31, 2014)	5.17

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)

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

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

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

1,893,677 shares at the end of September 2013

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

(iii) Average number of public shares during fiscal period

193,320,775 shares at the end of September 2013

193,320,772 shares at the end of September 2012

Statement Relating to Execution Status of Audit Procedures

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

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

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

1. Qualitative Information Concerning Financial Results for the 2nd quarter of the fiscal year ending March 31, 2014

(1) Explanation of financial results

During the first half ended September 30, 2013, business conditions continued to recover – albeit weakly – on increased consumer spending in the US and Europe, despite persistent uncertainty about the future outlook due to factors including prolonged US fiscal problems and European government debt problems, and sagging growth in emerging economies including China.

In Japan, there has been a recovery in exports and consumer spending, buoyed by the weaker yen and strong share prices against a backdrop of government stimulus measures and Bank of Japan monetary policy, and a gentle recovery in business conditions has been seen, including improvement in corporate earnings.

Under these circumstances, the Janome Group has made efforts to focus its management resources, accelerate R&D and cut total costs, based on its medium-term business plans starting in the current fiscal year. As a result, in the first half of the year Group total sales were 21,644 million yen (up 13.3% compared to the corresponding period of the previous fiscal year) and operating income was 1,268 million yen (up 30.7%), ordinary income was 629 million yen (up 152.0% compared to the corresponding period of the previous fiscal year), despite a business restructuring loss being recorded as a non-operating expense in the first quarter, and net income was 259 million yen (compared with a net loss of 5 million yen in the corresponding period of the previous year).

The performance by segment is outlined below.

<Household equipment>

In the overseas sewing machine market, there was a strong performance from Janome Group's overseas sales subsidiaries, including those in the US and UK, thanks to a gentle recovery in business conditions in the major developed nations. By region, there was significant growth in sales to Russia, and sales to distributors in regions such as Europe and the Middle East were also solid, resulting in overseas sewing machine sales of 970,000 units (an increase of about 40,000 units compared with the corresponding period of the previous year). In addition, the "Memory Craft 15000" highest end model, which was announced at the end of August in Las Vegas, has been well received, and with the yen weakening considerably since the corresponding period of the previous fiscal year, overseas sales increased to 14,324 million yen (up 27.4% compared to the corresponding period of the previous fiscal year).

In the domestic market, sales of sewing machines amounted to 90,000 units (down about 10,000 units compared to the corresponding period of the previous fiscal year), due to a fall in unit sales of low-priced machines, but domestic sales fell only 3.8% to 3,690 million yen, in part due to brisk sales of high value added models and 24-hour clean bath systems.

Overall, sewing machine sales amounted to 1.06 million units, with sales of 18,014 million yen (up 19.5% compared to the corresponding period of the previous fiscal year) and operating income of 1,020 million yen (up 69.9%) in the household equipment segment.

<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 smartphones) and automotive parts, with an emphasis on the domestic market and the emerging markets of China and South East Asia, stemming the trend of falling orders. Although this recovery trend is steadily becoming established, unfortunately sales failed to reach last year's level, with unit sales of desk-top robots and electro-press machines falling short of the figure achieved in the corresponding period of the previous fiscal year. Sales totalled 2,380 million yen (down 12.8% compared to the corresponding period in the previous fiscal year), and operating income amounted to 244 million yen (down 37.0%).

<Other>

In other business segments including IT software development, data processing, and 24-Hour Clean Bath system installation and maintenance, as well as real estate leasing income, net sales were 1,249 million yen (down 3.1% compared to the corresponding period of the previous fiscal year), with operating income of 26 million yen (compared with an operating loss of 10 million yen in the corresponding period of the previous fiscal year), due to factors including lower SG&A expenses.

(2) Explanation of financial position

As of September 30, 2013, total assets on a consolidated basis were 52,296 million yen (up 2,113 million yen from the previous fiscal year ended March 31, 2013).

Current assets were 21,987 million yen (up 1,817 million yen from the previous fiscal year ended March 31, 2013) due to factors including increases in cash and deposits, bills and accounts receivable, merchandise and products. Fixed assets were 30,308 million yen (up 296 million yen from the previous fiscal year ended March 31, 2013) due to factors including an increase in intangible fixed assets resulting from software investment and an increase in investment securities due to the market value of listed shares.

Current liabilities were 19,477 million yen (up 3,489 million yen from the previous fiscal year ended March 31, 2013) due to factors including an increase in bills and accounts payable and short-term borrowing, while fixed liabilities decreased to 15,673 million yen (down 2,148 million yen) due to factors including a fall in long-term borrowing.

Net assets were 17,145 million yen (up 772 million yen from the previous fiscal year ended March 31, 2013) due to factors including an increase in retained earnings.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of September 30, 2013 increased by 492 million yen from the previous fiscal year ended March 31, 2013, to 5,278 million yen (an increase of 694 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 907 million yen (as compared to an outflow of 118 million yen in the corresponding period of the previous fiscal year), due to factors including 614 million yen in quarterly income before income taxes and minority interests, an increase of 852 million yen in notes and accounts receivable, and an increase of 1,115 million yen in notes and accounts payable.

Net cash generated by investing activities amounted to an outflow of 553 million yen (as compared to an outflow of 577 million yen in the corresponding period of the previous fiscal year), due to expenditure of 311 million yen to purchase tangible fixed assets including machinery and molds, etc., and expenditure of 242 million yen to acquire intangible fixed assets such as software.

Net cash used for financing activities amounted to an inflow of 14 million yen (as compared to an outflow of 472 million yen in the corresponding period of the previous fiscal year), due to factors including an increase in short-term borrowings of 2,802 million yen and an outflow from repayment of long-term debts of 2,733 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, 2013	Current First Half as of September 30, 2013
ASSETS		
Current assets		
Cash and deposits	5,580	6,012
Notes and accounts receivable-trade	6,183	7,117
Merchandise and finished goods	4,602	5,035
Work in process	501	645
Raw materials and supplies	2,598	2,311
Other	849	1,021
Allowance for doubtful accounts	(146)	(155)
Total current assets	20,170	21,987
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,216	6,108
Land	15,878	15,885
Other tangible fixed assets (net)	2,588	2,652
Total tangible fixed assets	24,683	24,647
Intangible fixed assets		
Goodwill	505	433
Other intangible fixed assets	1,376	1,539
Total intangible fixed assets	1,882	1,973
Investments and other assets	3,446	3,688
Total fixed assets	30,012	30,308
TOTAL ASSETS	50,183	52,296
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,861	3,931
Short-term loans payable	10,243	12,481
Income taxes payable	272	221
Provision for bonuses	417	462
Provision for Restructuring loss	92	158
Other current liabilities	2,100	2,221
Total current liabilities	15,987	19,477
Fixed liabilities		
Long-term borrowings	8,119	6,009
Deferred income taxes for revaluation	4,420	4,420
Liability for employee retirement payments	4,572	4,578
Other fixed liabilities	711	665
Total fixed liabilities	17,822	15,673
TOTAL LIABILITIES	33,810	35,150

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2013	Current First Half as of September 30, 2013
NET ASSETS		
Shareholders equity		
Common stock	11,372	11,372
Capital surplus	823	823
Retained earnings	(1,846)	(1,587)
Treasury stock, at cost	(324)	(324)
Total shareholders equity	10,024	10,284
Other comprehensive income		
Valuation difference in other marketable securities	131	379
Gain (loss) on deferred hedge	(7)	(5)
Land revaluation difference	6,572	6,572
Foreign currency translation adjustments	(885)	(682)
Total other comprehensive income	5,810	6,263
Minority interest share	537	597
TOTAL NET ASSETS	16,373	17,145
TOTAL LIABILITIES AND NET ASSETS	50,183	52,296

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 First Half April 1, 2012 through September 30, 2012	Current First Half April 1, 2013 through September 30, 2013
Net sales	19,101	21,644
Cost of sales	11,554	13,291
Gross profit	7,546	8,352
Selling, general and administrative expenses	6,576	7,084
Operating income	970	1,268
Non-operating income		
Interest income	11	10
Dividend income	17	22
Exchange gains	95	-
Other	119	88
Total non-operating income	244	122
Non-operating expenses		
Interest expenses	190	188
Foreign exchange losses	-	28
Restructuring loss	690	450
Other	83	93
Total non-operating expenses	964	760
Ordinary income	249	629
Extraordinary profits		
Gain on sales of fixed assets	1	1
Gain on sales of investment securities	-	4
Total extraordinary profits	1	5
Extraordinary losses		
Loss on valuation of investment securities	10	-
Loss on sales and retirement of noncurrent assets	10	10
Loss on valuation of investment of others	-	10
Total extraordinary losses	21	20
Income before income taxes and minority interests	230	614
Income tax, resident tax and business tax	271	334
Income tax adjustment	(32)	(23)
Total taxes	238	311
Net income before minority interests	(8)	303
Minority interests	(2)	44
Net income	(5)	259

Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous First Half April 1, 2012 through September 30, 2012	Current First Half April 1, 2013 through September 30, 2013
Income before minority interests	(8)	303
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	247
Deferred gains or losses on hedges	2	2
Foreign currency translation adjustment	(458)	242
Total other comprehensive income	(462)	493
Comprehensive income	(470)	796
Comprehensive income attributable to:		
parent company owners	(439)	712
minority interests	(30)	83

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 First Half April 1, 2012 through September 30, 2012	Current First Half April 1, 2013 through September 30, 2013
Cash flows from operating activities		
Net income before income taxes and minority interests	230	614
Depreciation	475	541
Goodwill amortization	82	72
Increase/ (decrease) of employees retirement benefits	57	(24)
Interest and dividend income	(28)	(33)
Interest expenses	190	188
loss on valuation of investment securities	10	-
(Increase)/ decrease in accounts receivable	(257)	(852)
(Increase)/ decrease in inventories	(771)	(198)
Increase/ (decrease) in accounts payable	(12)	1,115
Others	379	39
Sub total	355	1,463
Interest and dividend received	30	34
Interest paid	(195)	(185)
Income taxes paid	(308)	(405)
Net cash generated by operating activities	(118)	907
Cash flows from investing activities		
Payments into time deposits	(203)	(104)
Proceeds from withdrawal of time deposits	200	147
Purchase of property, plant and equipment	(494)	(311)
Proceeds from sales of property, plant and equipment	2	3
Others	(82)	(288)
Net cash generated by investing activities	(577)	(553)
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	359	2,802
Inflow from long-term borrowings	1,250	-
Outflow from repayment of long-term debts	(2,027)	(2,733)
Others	(54)	(55)
Net cash used for financing activities	(472)	14
Effect of exchange rate changes on cash and cash equivalents	(133)	125
Increase/(decrease) in cash and cash equivalents	(1,300)	492
Cash and cash equivalents at beginning of period	5,885	4,785
Cash and cash equivalents at end of period	4,584	5,278

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

Notes of Consolidated Financial Statements

(Notes regarding going concern assumptions)

None.

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

None.

(Consolidated Segment Information)

I . Previous first half (April 1, 2012 through September 30, 2012)

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	15,081	2,730	17,811	1,290	19,101
Intersegment sales or transfers	19	384	403	588	992
Total	15,100	3,114	18,214	1,878	20,093
Segment profit / (loss)	600	388	988	(10)	978

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	988
Other net loss	(10)
Elimination of intersegment transactions	(8)
Operating income in quarterly consolidated statements of	970

II . Current first half (April 1, 2013 through September 30, 2013)

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	18,014	2,380	20,395	1,249	21,644
Intersegment sales or transfers	18	517	536	663	1,200
Total	18,033	2,898	20,932	1,913	22,845
Segment profit/(loss)	1,020	244	1,264	26	1,291

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	1,264
Other net profit	26
Elimination of intersegment transactions	(23)
Operating income in quarterly consolidated statements of	1,268

3. Additional information

(1) Geographic segmentation

Previous first half (April 1, 2012 through September 30, 2012)

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	13,882	2,361	296	2,561	19,101	--	19,101
(2) Intersegment sales or transfers	3,912	--	8,453	10	12,376	(12,376)	--
Total	17,794	2,361	8,750	2,571	31,477	(12,376)	19,101
Operating income/ (loss)	480	159	262	220	1,122	(152)	970

Current first half (April 1, 2013 through September 30, 2013)

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	14,798	3,256	369	3,221	21,644	--	21,644
(2) Intersegment sales or transfers	4,528	--	10,493	7	15,029	(15,029)	--
Total	19,326	3,256	10,862	3,228	36,674	(15,029)	21,644
Operating income/ (loss)	721	246	323	227	1,519	(251)	1,268

Notes;

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

(2) Major countries or regions are defined as follows

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

(2) Overseas sales by region

Previous first half (April 1, 2012 through September 30, 2012)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	2,442	4,885	4,975	12,303
II Consolidated sales				19,101
III Ratio of overseas sales to consolidated sales	12.8%	25.6%	26.0%	64.4%

Current first half (April 1, 2013 through September 30, 2013)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	3,392	6,723	5,127	15,243
II Consolidated sales				21,644
III Ratio of overseas sales to consolidated sales	15.7%	31.1%	23.7%	70.4%

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