

(Translation)

Consolidated Financial Results for the Second Quarter Ended 30 September, 2012 [Japanese GAAP]

6 November, 2012

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
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Filing date of financial statements for the first half year: 13 November, 2012

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 (1 April, 2012 through 30 September, 2012)

(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 30 September, 2012	19,101	9.0	1,012	71.5	292	(58.7)	37	(90.3)
30 September, 2011	17,529	(1.6)	590	(47.0)	708	(27.7)	380	(32.9)

Note: Comprehensive income was -427 million yen (-%) at the end of September 2012, and -430 million yen (-%) at the end of September 2011

	Net income per share - basic	Net income per share - diluted
First half year ended 30 September, 2012	yen 0.19	yen --
30 September, 2011	1.97	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
First half year ended 30 September, 2012	Million yen 49,100	Million yen 14,408	% 28.4	yen 72.16
31 March, 2012	49,668	14,855	28.9	74.22

Ref. Equity 13,950 million yen at the end of September 2012, and 14,347 million yen at the end of March 2012

2. Cash dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Fiscal year ended 31 March, 2012	yen --	yen 0.00	yen --	yen 0.00	yen 0.00
31 March, 2013	--	0.00			
31 March, 2013 (Forecast)			--	0.00	0.00

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

3. Forecast of consolidated results for fiscal year ending 31 March, 2013

(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	%
Full Year (1 April,2012 through 31 March 2013)	39,000	5.3	2,200	(5.6)	1,300	(37.5)	500	171.2

	Net Income per share - basic
	yen
Full year (1April,2012through 31 March, 2013)	2.59

Note: Revisions to the forecast of financial in the current quarter: Yes

4. Others

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

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

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

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

(i) Changes due to amendments in accounting principles: 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 2012

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

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

1,894,374 shares at the end of September 2012

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

(iii) Average number of public shares during fiscal period

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

193,321,612 shares at the end of September 2011

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 Consolidated Financial Results for the Second Quarter ended 30 September, 2012

(1) Qualitative Information Concerning Consolidated Financial Results

During the first half ended 30 September, 2012, the slowdown in the world economy continued due to the European debt crisis and sagging growth in emerging economies including China and India.

In Japan, conditions were firm, with improvement in capital expenditure and the employment environment owing to factors including reconstruction demand following the Great East Japan Earthquake. However, the business environment remained challenging due to deflation and continued yen appreciation.

With price competition in sewing machines and industrial equipment intensifying, the Janome Group strengthened its cost competitiveness through comprehensive manufacturing cost reductions, while aggressively developing new markets.

As a result, in the 2nd quarter total sales were 19,101 million yen (up 9.0% compared to the corresponding period of the previous fiscal year) and operating income was 1,012 million yen (up 71.5%), but ordinary income was 292 million yen (down 58.7% compared to the corresponding period of the previous fiscal year) and net income was 37 million yen (down 90.3%) due to the recording of a restructuring loss as an extraordinary expense.

The performance by segment is outlined below.

<Household equipment>

In the overseas sewing machine market, sales performed well in Russia and Asia, and OEM (original equipment manufacturer) sales were also solid. Overseas sewing machine sales amounted to 930,000 units (an increase of approximately 100,000 units compared to the corresponding period of the previous year), a significant increase due to factors including our focus on aggressively developing new markets, including new model launches, with overseas sales totaling 11,244 million yen (up 10.5% compared to the corresponding period of the previous year).

In the domestic market, sales of both home-use sewing machines and 24-hour clean bath units were sluggish, in part due to a slackening of the recovery in business conditions. In particular, sales of home-use sewing machines in the domestic market fell about 10% to 100,000 units, due to the effects of a fall in sales of low-priced models, but total domestic sales fell only slightly to 3,836 million yen (down 3.2% compared to the corresponding period of the previous year) as a result of our efforts to market medium- and high-grade models.

Overall, sewing machine sales in the household equipment business amounted to 1.03 million units, with sales of 15,081 million yen (up 6.7% compared to the corresponding period of the previous fiscal year) and operating income of 643 million yen (up 55.3%).

<Industrial equipment>

In the industrial equipment business, sales of desk-top robots and electro-press machines increased to approximately 2,800 units (an increase of about 1,000 units compared with the corresponding period of the previous year), the highest ever level, due to our focus on the Chinese market and aggressive marketing to manufacturers of mobile phones and other information devices, and to parts manufacturers in fields such as consumer electronics and automotive.

In the die-casting business, there was steady growth in orders from customers including automotive firms as production activity gradually recovered after the Great East Japan Earthquake.

As a result, net sales in the industrial equipment business were 2,730 million yen (up 30.4% compared to the corresponding period of the previous fiscal year), with operating income of 388 million yen (up 89.4%).

<Other>

In other business segments including IT software, information services, 24-Hour Clean Bath system installation and maintenance services, as well as real estate leasing income, net sales were 1,290 million yen (down 0.8% compared to the corresponding period of the previous fiscal year) due to a weakening of IT investment appetite stemming from uncertainty about the prospects for the economy, resulting in an operating loss of 10 million yen (compared with an operating loss of 3 million yen in the corresponding period of the previous fiscal year).

(2) Qualitative Information Concerning Consolidated Financial Position

As of 30 September, 2012, total assets on a consolidated basis were 49,100 million yen (down 568 million yen from the previous fiscal year ended 31 March, 2012).

Current assets were 20,140 million yen (down 428 million yen from the previous fiscal year ended 31 March, 2012) due to factors including reductions in cash and deposits. Fixed assets were 28,960 million yen (down 139 million yen from the previous fiscal year ended 31 March, 2012) due to factors including depreciation.

Current liabilities were 17,882 million yen (up 52 million yen from the previous fiscal year ended 31 March, 2012) due to factors including an increase in business restructuring provisions, while fixed liabilities decreased to 16,809 million yen (down 173 million yen) due to factors including a fall in long-term borrowing.

Net assets were 14,408 million yen (down 447 million yen from the previous fiscal year ended 31 March, 2012) due to factors including a decrease in the foreign currency translation adjustments account.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of 30 September, 2012 decreased by 1,300 million yen from the previous fiscal year ended 31 March, 2012, to 4,584 million yen (a decrease of 1,276 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an outflow of 118 million yen (as compared to an outflow of 21 million yen in the corresponding period of the previous fiscal year), due to 272 million yen in quarterly income before income taxes and minority interests, an increase of 257 million yen in notes and accounts receivable, and an increase of 814 million yen in inventories, etc.

Net cash generated by investing activities amounted to an outflow of 577 million yen (as compared to an outflow of 436 million yen in the corresponding period of the previous fiscal year), due to expenditures of 494 million yen to purchase tangible fixed assets including machinery and molds, etc.

Net cash used for financing activities amounted to an outflow of 472 million yen (as compared to an outflow of 315 million yen in the corresponding period of the previous fiscal year). This was due to an increase in short-term borrowings of 359 million yen, an inflow from long-term borrowings of 1,250 million yen, and an outflow from repayment of long-term debts of 2,027 million yen, etc.

(3) Forecast of consolidated results for fiscal year ending 31 March, 2013

Based on the Group's performance trend in the six months to 30 September, 2012, we have revised our consolidated results forecast for the year ending 31 March, 2013 previously announced on 15 May, 2012.

Consolidated Balance Sheets

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

Currency unit: million yen

	Previous Fiscal Year ended 31 Mar, 2012	Current First Half as of 30 Sep, 2012
ASSETS		
Current assets		
Cash and deposits	6,639	5,417
Notes and accounts receivable-trade	6,286	6,456
Merchandise and finished goods	3,874	4,293
Work in process	611	532
Raw materials and supplies	2,304	2,553
Other	984	1,012
Allowance for doubtful accounts	(133)	(125)
Total current assets	20,568	20,140
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,420	6,207
Land	15,792	15,766
Other tangible fixed assets (net)	2,120	2,323
Total tangible fixed assets	24,333	24,297
Intangible fixed assets		
Goodwill	668	585
Other intangible fixed assets	1,114	1,177
Total intangible fixed assets	1,782	1,762
Investments and other assets	2,984	2,900
Total fixed assets	29,099	28,960
TOTAL ASSETS	49,668	49,100
LIABILITIES		
Current liabilities		
Notes and accounts payable	3,650	3,677
Short-term loans payable	11,030	10,859
Income taxes payable	284	226
Provision for bonuses	403	446
Provision for Restructuring loss	398	492
Other current liabilities	2,061	2,178
Total current liabilities	17,830	17,882
Fixed liabilities		
Long-term borrowings	7,422	7,172
Deferred income taxes for revaluation	4,420	4,420
Liability for employee retirement payments	4,476	4,506
Other fixed liabilities	663	709
Total fixed liabilities	16,982	16,809
TOTAL LIABILITIES	34,812	34,691

	Currency unit: million yen	
	Previous Fiscal Year ended 31 Mar, 2012	Current First Half as of 30 Sep, 2012
NET ASSETS		
Shareholders equity		
Common stock	11,372	11,372
Capital surplus	823	823
Retained earnings	(1,969)	(1,932)
Treasury stock, at cost	(325)	(325)
Total shareholders equity	9,901	9,938
Other comprehensive income		
Valuation difference in other marketable securities	15	10
Gain (loss) on deferred hedge	(12)	(10)
Land revaluation difference	6,572	6,572
Foreign currency translation adjustments	(2,128)	(2,559)
Total other comprehensive income	4,446	4,012
Minority interest share	507	457
TOTAL NET ASSETS	14,855	14,408
TOTAL LIABILITIES AND NET ASSETS	49,668	49,100

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 1 April, 2011 through 30 Sep, 2011	Current First Half 1 April, 2012 through 30 Sep, 2012
Net sales	17,529	19,101
Cost of sales	10,270	11,511
Gross profit	7,259	7,589
Selling, general and administrative expenses	6,668	6,576
Operating income	590	1,012
Non-operating income		
Interest income	10	11
Dividend income	19	17
Exchange gains	281	95
Other	57	119
Total non-operating income	368	244
Non-operating expenses		
Interest expenses	208	190
Restructuring loss	-	690
Other	42	83
Total non-operating expenses	250	964
Ordinary income	708	292
Extraordinary profits		
Gain on sales of fixed assets	8	1
Total extraordinary profits	8	1
Extraordinary losses		
Loss on valuation of investment securities	28	10
Loss on sales and retirement of noncurrent assets	36	10
Impairment loss	13	-
Total extraordinary losses	78	21
Income before income taxes and minority interests	638	272
Income tax, resident tax and business tax	205	271
Income tax adjustment	34	(32)
Total taxes	240	238
Net income before minority interests	398	34
Minority interests income/(loss)	17	(2)
Net income	380	37

Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous First Half 1 April, 2011 through 30 Sep, 2011	Current First Half 1 April, 2012 through 30 Sep, 2012
Income before minority interests	398	34
Other comprehensive income		
Valuation difference on available-for-sale securities	(22)	(5)
Deferred gains or losses on hedges	2	2
Foreign currency translation adjustment	(809)	(458)
Total other comprehensive income	(829)	(462)
Comprehensive income	(430)	(427)
Comprehensive income attributable to:		
parent company owners	(398)	(397)
minority interests	(32)	(30)

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 1 April, 2011 through 30 Sep, 2011	Current First Half 1 April, 2012 through 30 Sep, 2012
Cash flows from operating activities		
Net income before income taxes and minority interests	638	272
Depreciation	458	475
Goodwill amortization	82	82
Increase/ (decrease) of employees retirement benefits	104	57
Interest and dividends income	(29)	(28)
Interest expenses	208	190
Loss (gain) on valuation of investment securities	28	10
(Increase)/ decrease in accounts receivable	(1,097)	(257)
(Increase)/ decrease in inventories	(718)	(814)
(Increase)/ decrease in accounts payable	717	(12)
Others	(1)	379
Sub total	392	355
Interest and dividend received	36	30
Interest paid	(202)	(195)
Income taxes paid	(248)	(308)
Net cash generated by operating activities	(21)	(118)
Cash flows from investing activities		
Payments into time deposits	(34)	(203)
Proceeds from withdrawal of time deposits	57	200
Purchase of property, plant and equipment	(225)	(494)
Proceeds from sales of property, plant and equipment	65	2
Others	(299)	(82)
Net cash generated by investing activities	(436)	(577)
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	521	359
Inflow from long-term borrowings	1,900	1,250
Outflow from repayment of long-term debts	(2,687)	(2,027)
Others	(48)	(54)
Net cash used for financing activities	(315)	(472)
Effect of exchange rate changes on cash and cash equivalents	(158)	(133)
Increase/(decrease) in cash and cash equivalents	(931)	(1,300)
Cash and cash equivalents at beginning of period	6,792	5,885
Cash and cash equivalents at end of period	5,860	4,584

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

(4)Notes regarding going concern assumptions

None.

(5)Consolidated Segment Information

I. Previous first half (1 April, 2011 through 30 September, 2011)

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	14,135	2,093	16,228	1,300	17,529
Intersegment sales or transfers	17	511	528	563	1,092
Total	14,152	2,604	16,756	1,864	18,621
Segment profit / (loss)	414	204	619	(3)	615

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	619
Other net loss	(3)
Elimination of intersegment transactions	(24)
Operating income in quarterly consolidated statements of	590

II. Current first half (1 April, 2012 through 30 September, 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)	643	388	1,031	(10)	1,020

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	1,031
Other net loss	(10)
Elimination of intersegment transactions	(8)
Operating income in quarterly consolidated statements of	1,012

3. Additional information

(1) Geographic segmentation

Previous first half (1 April, 2011 through 30 September, 2011)

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	12,367	2,111	444	2,606	17,529	--	17,529
(2) Intersegment sales or transfers	3,593	--	7,285	1	10,879	(10,879)	--
Total	15,960	2,111	7,729	2,607	28,408	(10,879)	17,529
Operating income	252	150	21	141	566	24	590

Current first half (1 April, 2012 through 30 September, 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	(109)	1,012

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 (1 April, 2011 through 31 September, 2011)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	2,265	4,092	4,553	10,911
II Consolidated sales				17,529
III Ratio of overseas sales to consolidated sales	12.9%	23.3%	26.0%	62.2%

Current first half (1 April, 2012 through 30 September, 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%

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