

(Translation)

Consolidated Financial Results
for the 3rd quarter of fiscal year ending March 31, 2016
(April 1, 2015 through December 31, 2015)
[Japanese GAAP]

February 3, 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
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Filing date of financial statements for the quarter : February 12, 2016
Payment date of cash dividends: ----
Supplementary materials prepared for quarterly financial results : None
Financial information meeting held for quarterly financial results: None

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

1. Consolidated results (April 1, 2015 through December 31, 2015)

(1) Consolidated financial results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine months ended December 31, 2015	32,772	(4.9)	1,827	(26.2)	2,027	(19.3)	1,201	(28.5)
December 31, 2014	34,448	2.4	2,476	9.6	2,512	46.0	1,679	66.1

Note: Comprehensive income was

735 million yen (-77.0%) at the end of December 2015
3,197 million yen (52.4%) at the end of December 2014

	Net income per share - basic	Net income per share - diluted
First nine months ended	yen	yen
December 31, 2015	62.15	--
December 31, 2014	86.87	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
December 31, 2015	53,543	22,379	40.3
March 31, 2015	54,054	21,696	38.7

Ref. Equity 21,592 million yen at the end of December 2015, and 20,941 million yen at the end of March 2015

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, 2015	--	0.00	--	0.00	0.00
March 31, 2016	--	0.00	--		
March 31, 2016 (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 March 31, 2016

(April 1, 2015 through March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year (April 1,2015 through March 31, 2016)	45,000	(2.2)	2,500	(15.6)	2,600	(4.1)	1,500	(19.4)

	Net Income per share - basic
Full year (April 1,2015 through March 31, 2016)	77.59

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

4. Others

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

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

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

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

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

(ii) Any changes other than the aforementioned: None

(iii) Changes in accounting estimate: None

(iv) Restatement: None

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at the end of fiscal period (including treasury stock)

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

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 December 2015

189,472 shares at the end of March 2015

(iii) Average number of public shares during fiscal period

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

19,332,045 shares at the end of December 2014

Statement Relating to Execution Status of Audit Procedures

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

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

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

1. Qualitative Information Concerning Financial Results for the 3rd quarter of the fiscal year ending March 31, 2016

(1) Explanation of financial results

During the nine-month period ended December 31, 2015, there was a modest recovery in the global economy, especially in the US, but economic growth continued to slow in China, and the uncertain outlook persisted due to the prolonged downturn in Russia, Brazil and other countries.

In Japan, the economy made a modest recovery, supported by improvements in employment conditions and capital expenditure. However, concerns about a rise in prices persisted due to economic underperformance overseas and the weaker yen.

Under these circumstances, the Janome Group stepped up activities including expanding sales of new products in the home-use sewing machine and industrial equipment segments, as well as capital investment in the die-casting business.

However, as a result of challenging operating conditions, in the third quarter sales were 32,772 million yen (down 4.9% compared to the corresponding period of the previous fiscal year), operating income was 1,827 million yen (down 26.2%), ordinary income was 2,027 million yen (down 19.3%), and profit attributable to owners of parent was 1,201 million yen (down 28.5%).

The performance by segment is outlined below.

<Household equipment>

In overseas markets, the Group worked to stimulate demand, including launching high added-value computerized sewing machines and expanding the lineup of embroidery-only machines to meet market requirements, while in the domestic market, the focus was on increasing sales of flagship home-use sewing machine models.

However, sales of sewing machines to Russia and emerging markets were sluggish, and as a result, sewing machine sales declined by 230,000 units to 1.3 million units. In the household equipment business, sales were 26,401 million yen (down 5.2% from the corresponding period of the previous fiscal year), and operating income was 1,439 million yen (down 25.2%).

<Industrial equipment>

With regard to robots and electro-press machines, the Group strove to strengthen both sales and services, including expanding sales of new products and making effective use of a new base established in Shenzhen.

In the die-casting-related business, the Group strengthened operations, including the merger of consolidated subsidiaries, the start of operations at a new plant building, and expansion of processing facilities.

However, sales in the industrial equipment business fell 4.2% compared with corresponding period of the previous fiscal year to 4,374 million yen, and operating income fell 33.2% to 357 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 1,995 million yen (down 1.2% compared to the previous fiscal year), with operating loss of 4 million yen (the same period last year saw a profit of 85 million yen)

(2) Explanation of financial position

As of December 31, 2015, total assets on a consolidated basis were 53,543 million yen (down 510 million yen from the previous fiscal year ended March 31, 2015).

Current assets were 24,136 million yen (up 578 million yen from the previous fiscal year ended March 31, 2015) due to factors including an increase in bills and accounts receivable, merchandise and products. Fixed assets totalled 29,407 million yen (down 1,089 million yen from the previous fiscal year ended March 31, 2015), due to factors including a depreciation of tangible and intangible assets.

Current liabilities were 20,108 million yen (down 170 million yen from the previous fiscal year ended March 31, 2015) due to factors including a decrease in bills and accounts payable and income taxes payable, while fixed liabilities were 11,056 million yen (down 1,023 million yen) due to factors including a fall in long-term borrowing.

Net assets were 22,379 million yen (up 683 million yen from the previous fiscal year ended March 31, 2015) due to factors including an increase in retained earnings.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of December 31, 2015 increased by 164 million yen from the previous fiscal year ended March 31, 2015, to 6,082 million yen (a decrease of 58 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 824 million yen (as compared to an inflow of 992 million yen in the corresponding period of the previous fiscal year), due to factors including 2,026 million yen in quarterly income before income taxes, an increase of 550 million yen in notes and accounts receivable, and an increase of 661 million yen in inventories.

Net cash generated by investing activities amounted to an outflow of 498 million yen (as compared to an outflow of 1,359 million yen in the corresponding period of the previous fiscal year), due to 620 million yen from withdrawal of time deposits, expenditures of 915 million yen to purchase tangible fixed assets including equipment and molds, etc.

Net cash used for financing activities amounted to an outflow of 130 million yen (as compared to an outflow of 90 million yen in the corresponding period of the previous fiscal year), due to factors including an increase in short-term borrowings of 1,420 million yen and an outflow from repayment of long-term debts of 1,459 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, 2015	Current Third Quarter as of December 31, 2015
ASSETS		
Current assets		
Cash and deposits	6,692	6,468
Notes and accounts receivable-trade	7,644	8,061
Merchandise and finished goods	4,894	5,529
Work in process	482	539
Raw materials and supplies	2,628	2,488
Other	1,380	1,208
Allowance for doubtful accounts	(164)	(159)
Total current assets	23,557	24,136
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,831	6,594
Land	14,785	14,738
Other tangible fixed assets (net)	2,953	2,825
Total tangible fixed assets	24,570	24,158
Intangible fixed assets		
Goodwill	216	108
Other intangible fixed assets	1,847	1,711
Total intangible fixed assets	2,064	1,819
Investments and other assets	3,861	3,429
Total fixed assets	30,496	29,407
TOTAL ASSETS	54,054	53,543
LIABILITIES		
Current liabilities		
Notes and accounts payable	3,140	2,985
Short-term loans payable	13,232	14,074
Income taxes payable	398	208
Provision for bonuses	491	345
Provision for Restructuring loss	86	83
Other current liabilities	2,929	2,410
Total current liabilities	20,278	20,108
Fixed liabilities		
Long-term borrowings	2,203	1,415
Deferred income taxes for revaluation	3,683	3,683
Net defined benefit liability	5,418	5,276
Other fixed liabilities	773	680
Total fixed liabilities	12,079	11,056
TOTAL LIABILITIES	32,358	31,164

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2015	Current Third Quarter as of December 31, 2015
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Capital surplus	823	823
Retained earnings	2,077	3,258
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	13,948	15,129
Other comprehensive income		
Valuation difference in other marketable securities	238	170
Gain (loss) on deferred hedge	(0)	--
Land revaluation difference	6,355	6,355
Foreign currency translation adjustments	798	235
Remeasurements of defined benefit plans	(398)	(298)
Total other comprehensive income	6,993	6,463
Non-controlling interests	754	786
TOTAL NET ASSETS	21,696	22,379
TOTAL LIABILITIES AND NET ASSETS	54,054	53,543

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

Consolidated Statement of Income

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

Currency unit: million yen

	Previous Nine Months April 1, 2014 through December 31, 2014	Current Nine Months April 1, 2015 through December 31, 2015
Net sales	34,448	32,772
Cost of sales	20,972	19,364
Gross profit	13,476	13,408
Selling, general and administrative expenses	10,999	11,580
Operating income	2,476	1,827
Non-operating income		
Interest income	15	20
Dividend income	32	30
Insurance income	28	--
Exchange gains	188	236
Other	71	101
Total non-operating income	336	389
Non-operating expenses		
Interest expenses	204	150
Other	95	38
Total non-operating expenses	299	189
Ordinary income	2,512	2,027
Extraordinary profits		
Gain on sales of fixed assets	9	2
Total extraordinary profits	9	2
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	29	3
Impairment loss	207	--
Total extraordinary losses	237	3
Income before income taxes	2,285	2,026
Income tax, resident tax and business tax	595	467
Income tax adjustment	0	222
Total taxes	596	690
Profit	1,688	1,336
Profit attributable to non-controlling interests	9	135
Profit attributable to owners of parent	1,679	1,201

Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous Three Months April 1, 2014 through December 31, 2014	Current Three Months April 1, 2015 through December 31, 2015
Profit	1,688	1,336
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(67)
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	1,351	(634)
Remeasurements of defined benefit plans	161	100
Total other comprehensive income	1,508	(601)
Comprehensive income	3,197	735
Comprehensive income attributable to:		
owners of parent	3,089	671
non-controlling interests	107	63

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

Consolidated Statement of Cash Flows

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

Currency unit: million yen

	Previous Nine Months April 1, 2014 through December 31, 2014	Current Nine Months April 1, 2015 through December 31, 2015
Cash flows from operating activities		
Income before income taxes	2,285	2,026
Depreciation	887	947
Impairment loss	207	--
Goodwill amortization	108	108
Increase/ (decrease) of employees retirement benefits	39	(95)
Interest and dividend income	(48)	(50)
Interest expenses	204	150
(Increase)/ decrease in accounts receivable	(1,360)	(550)
(Increase)/ decrease in inventories	(771)	(661)
Increase/ (decrease) in accounts payable	379	(164)
Others	(31)	(135)
Sub total	1,898	1,575
Interest and dividend received	51	54
Interest paid	(187)	(140)
Income taxes paid	(769)	(664)
Net cash generated by operating activities	992	824
Cash flows from investing activities		
Payments into time deposits	(30)	(53)
Proceeds from withdrawal of time deposits	37	620
Purchase of property, plant and equipment	(1,007)	(915)
Proceeds from sales of property, plant and equipment	94	3
Others	(454)	(152)
Net cash generated by investing activities	(1,359)	(498)
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	1,493	1,420
Outflow from repayment of long-term debts	(1,524)	(1,459)
Others	(60)	(91)
Net cash used for financing activities	(90)	(130)
Effect of exchange rate changes on cash and cash equivalents	298	(108)
Increase/(decrease) in cash and cash equivalents	(160)	87
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	6,141	6,082

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

Notes of Consolidated Financial Statements

(Notes regarding going concern assumptions)

None.

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

None.

(Consolidated Segment Information)

I . Previous first nine months (April 1, 2014 through December 31, 2014)

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	27,861	4,567	32,428	2,020	34,448
Intersegment sales or transfers	27	737	765	964	1,729
Total	27,888	5,305	33,193	2,984	36,178
Segment profit / (loss)	1,924	534	2,459	85	2,545

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	2,459
Other net profit	85
Elimination of intersegment transactions	(68)
Operating income in quarterly consolidated statements	2,476

II . Current first nine months (April 1, 2015 through December 31, 2015)

1. Information on net sales and operating income/(loss) by reportable segment

Currency unit: million yen

	Reportable segment			Other*	Total
	Household equipment	Industrial equipment	Total		
Net sales					
Net sales to external customers	26,401	4,374	30,776	1,995	32,772
Intersegment sales or transfers	32	622	655	715	1,371
Total	26,434	4,997	31,431	2,711	34,143
Segment profit/(loss)	1,439	357	1,796	(4)	1,791

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

2. Difference between the sum of reportable segment profits and losses and operating income in quarterly consolidated statements of income and major factors in the difference (adjustment of difference)

Currency unit: million yen

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

3. Additional information

(1) Geographic segmentation

Previous first nine months (April 1, 2014 through December 31, 2014)

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	21,603	6,231	513	6,099	34,448	--	34,448
(2) Intersegment sales or transfers	8,673	--	15,407	5	24,087	(24,087)	--
Total	30,277	6,231	15,921	6,105	58,535	(24,087)	34,448
Operating income/ (loss)	1,556	411	478	370	2,818	(341)	2,476

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

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	19,677	6,314	494	6,285	32,772	--	32,772
(2) Intersegment sales or transfers	8,766	--	14,629	16	23,412	(23,412)	--
Total	28,443	6,314	15,123	6,302	56,185	(23,412)	32,772
Operating income/ (loss)	918	178	755	277	2,129	(302)	1,827

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 nine months (April 1, 2014 through December 31, 2014)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	6,443	9,171	9,039	24,655
II Consolidated sales				34,448
III Ratio of overseas sales to consolidated sales	18.7%	26.6%	26.2%	71.6%

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

Currency unit: million yen

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

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