

(Translation)

Consolidated Financial Results
for the 1st quarter of fiscal year ending March 31, 2017
(April 1, 2016 through June 30, 2016)
[Japanese GAAP]

August 5, 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 Oba Title: President
Contact person: Name: Katsuhiko Nakatsubo Title: General Manager, Accounting
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Filing date of financial statements for the first quarter year: August 10, 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, 2016 through June 30, 2016)

(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 three months ended June 30, 2016	9,502	(2.8)	511	176.9	463	90.4	228	214.7
June 30, 2015	9,775	(7.1)	184	(73.4)	243	(62.6)	72	(79.9)

Note: Comprehensive income was

(887) million yen (-%) ended June 30, 2016

352 million yen (6.0%) ended June 30, 2015

	Net income per share - basic	Net income per share - diluted
First three months ended June 30, 2016	11.83	--
June 30, 2015	3.76	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2016	49,983	21,036	40.7
March 31, 2016	51,240	21,949	41.3

Ref. Equity 20,344 million yen at the end of June 2016, and 21,184 million yen at the end of March 2016

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, 2016	--	0.00	--	0.00	0.00
March 31, 2017	--				
March 31, 2017 (Forecast)		0.00	--	10.00	10.00

3. Forecast of consolidated results for fiscal year ending March 31, 2016

(April 1, 2016 through March 31, 2017)

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 half (April 1, 2016 through September 30, 2016)	21,000	1.4	1,000	29.5	900	(11.2)	600	40.7
Full year (April 1, 2016 through March 31, 2017)	44,000	3.1	2,500	1.4	2,300	(13.1)	1,600	3.3

	Net Income per share - basic yen
First half (April 1, 2016 through September 30, 2016)	31.04
Full year (April 1, 2016 through March 31, 2017)	82.77

4. Others

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

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

(2) 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 June 2016

19,521,444 shares at the end of March 2016

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

189,714 shares at the end of June 2016

189,714 shares at the end of March 2016

(iii) Average number of public shares during fiscal period

19,331,730 shares ended June 30, 2016

19,331,941 shares ended June 30, 2015

Statement Relating to Execution Status of Audit Procedures

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

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

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

1. Qualitative Information Concerning Financial Results for the 1st quarter of the fiscal year ending March 31, 2017

(1) Explanation of financial results

During the first quarter ended June 30, 2016, the global economy was lackluster due to factors including a sluggish rate of growth in developed markets, weak growth in key emerging markets, and low prices for primary products. Additionally, there is concern that the United Kingdom's decision to leave the European Union ("Brexit") could have a prolonged impact on the global economy, with share prices falling worldwide as markets moved to avoid risk. As a result, the outlook has become increasingly uncertain. In Japan, concerns also persisted concerning the future outlook, including the increased downward pressure on corporate earnings exerted by the strong yen following the Brexit decision, a slide in share prices, a prolonged slump in consumer spending, and dampened inbound demand.

Under these circumstances, Janome Group drew up its medium-term management plan "JANOME BREAKTHROUGH 2018", ending in the year to March 2019, and is working to expand the markets in which it operates by launching new models to meet the needs of each market, while streamlining operations through organizational restructuring. The Group has also implemented various measures through the PDCA cycle, aimed at achieving quarterly short-term targets. As a result, total sales in the first quarter were 9,502 million yen (down 272 million yen compared to the corresponding period of the previous fiscal year), while operating income was 511 million yen (up 326 million yen). Despite the impact of foreign exchange losses following rapid yen appreciation, ordinary income was 463 million yen (up 220 million yen compared to the corresponding period of the previous fiscal year), and profit attributable to owners of parent was 228 million yen (up 156 million yen).

The performance by segment is outlined below.

<Household equipment>

In the household equipment business, sewing machine sales in Europe were sluggish due to a slowdown in personal spending, but sales to Russia picked up, following a prolonged slump, and there were brisk sales of new models, primarily in North America. Thus performance was solid in this segment overall. As a result, sewing machine sales amounted to 360,000 units (up 10,000 units from the corresponding period of the previous fiscal year), sales were 7,300 million yen (down 266 million yen), and operating income was 391 million yen (up 274 million yen).

<Industrial equipment>

In the industrial equipment segment, the Group carried out aggressive marketing of desk-top robots, mainly to smartphone and other mobile device-related companies. In addition, the Group expanded its sales channels for electro-press machines, targeting not just the domestic market but also the overseas automotive parts sector and electronic device-related companies, achieving a record level of unit sales on a quarterly basis. As a result, sales in the industrial equipment business were 1,524 million yen (down 28 million yen compared to the corresponding period of the previous fiscal year), while operating income was 96 million yen (up 27 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 677 million yen (up 22 million yen

compared to the corresponding period of the previous fiscal year), with operating income of 10 million yen (up 19 million yen).

(2) Explanation of financial position

As of June 30, 2016, total assets on a consolidated basis were 49,983 million yen (down 1,257 million yen from the previous fiscal year ended March 31, 2016).

Current assets were 21,978 million yen (down 562 million yen from the previous fiscal year) due to reductions in bills and accounts receivable, merchandise and products, and an increase in cash and cash equivalents. Fixed assets were 28,005 million yen (down 694 million yen from the previous fiscal year ended March 31, 2016) due to factors including a depreciation.

Current liabilities were 18,832 million yen (down 232 million yen from the previous fiscal year) due to factors including a decrease in bills and accounts payable and short-term borrowing, while fixed liabilities were to 10,114 million yen (down 111 million yen from the previous fiscal year) due to decrease in liability for retirement benefits.

Net assets were 21,036 million yen (down 913 million yen from the previous fiscal year) due to factors including an decrease in the foreign currency translations adjustments account.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of June 30, 2016 increased by 262 million yen from the previous fiscal year ended March 31, 2016, to 6,321 million yen (increase of 249 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 899 million yen (as compared to an inflow of 970 million yen in the corresponding period of the previous fiscal year), due to 457 million yen in quarterly income before income taxes and minority interests, a decrease of 150 million yen in notes and account receivable, an increase of 151 million yen in inventories, and a decrease of 147 million yen in notes and accounts payable, etc.

Net cash generated by investing activities amounted to an outflow of 101 million yen (as compared to an inflow of 95 million yen in the corresponding period of the previous fiscal year) due to expenditure of 92 million yen purchase tangible fixed assets, etc.

Net cash used for financing activities amounted to a reduction in funds of 231 million yen (as compared to an outflow of 624 million yen in the corresponding period of the previous fiscal year), due to factors including a decrease in short-term borrowings of 185 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, 2016	Current First Quarter as of June 30, 2016
ASSETS		
Current assets		
Cash and deposits	6,300	6,672
Notes and accounts receivable-trade	7,019	6,538
Merchandise and finished goods	5,390	4,864
Work in process	524	485
Raw materials and supplies	2,288	2,348
Other	1,151	1,192
Allowance for doubtful accounts	(134)	(125)
Total current assets	22,540	21,978
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,458	6,296
Land	14,702	14,647
Other tangible fixed assets (net)	2,672	2,482
Total tangible fixed assets	23,834	23,427
Intangible fixed assets		
Goodwill	72	36
Other intangible fixed assets	1,618	1,517
Total intangible fixed assets	1,690	1,554
Investments and other assets	3,175	3,024
Total fixed assets	28,700	28,005
TOTAL ASSETS	51,240	49,983
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,927	2,695
Short-term loans payable	13,241	13,069
Income taxes payable	288	195
Provision for bonuses	469	233
Other current liabilities	2,137	2,638
Total current liabilities	19,064	18,832
Fixed liabilities		
Long-term borrowings	742	742
Deferred income taxes for revaluation	3,494	3,494
Net defined benefit liability	5,325	5,208
Other fixed liabilities	664	669
Total fixed liabilities	10,226	10,114
TOTAL LIABILITIES	29,291	28,947

	Currency unit: million yen	
	Previous Fiscal Year ended Mar 31, 2016	Current First Quarter as of June 30, 2016
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Capital surplus	823	--
Retained earnings	3,609	4,662
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	15,481	15,709
Other comprehensive income		
Valuation difference in other marketable securities	99	82
Land revaluation difference	6,538	6,538
Foreign currency translation adjustments	(350)	(1,473)
Remeasurements of defined benefit plans	(583)	(512)
Total other comprehensive income	5,703	4,635
Non-controlling interest	764	691
TOTAL NET ASSETS	21,949	21,036
TOTAL LIABILITIES AND NET ASSETS	51,240	49,983

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 Three Months April 1, 2015 through June 30, 2015	Current Three Months April 1, 2016 through June 30, 2016
Net sales	9,775	9,502
Cost of sales	5,792	5,289
Gross profit	3,982	4,213
Selling, general and administrative expenses	3,797	3,701
Operating income	184	511
Non-operating income		
Interest income	9	5
Dividend income	25	28
Exchange gains	60	--
Other	31	20
Total non-operating income	127	54
Non-operating expenses		
Interest expenses	55	36
Foreign exchange losses	--	52
Other	13	13
Total non-operating expenses	68	102
Ordinary income	243	463
Extraordinary profits		
Gain on sales of fixed assets	0	0
Total extraordinary profits	0	0
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	2	0
Loss on valuation of investment securities	--	6
Total extraordinary losses	2	6
Income before income taxes and minority interests	241	457
Income tax, resident tax and business tax	124	179
Income tax adjustment	27	30
Total taxes	151	210
Net income	89	247
Profit attributable to non-controlling interest	16	18
Profit attributable to owners of parent	72	228

Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous Three Months April 1, 2015 through June 30, 2015	Current Three Months April 1, 2016 through June 30, 2016
Net income	89	247
Other comprehensive income		
Valuation difference on available-for-sale securities	5	(16)
Deferred gains or losses on hedges	(0)	--
Foreign currency translation adjustment	232	(1,188)
Remeasurements of defined benefit plans	24	70
Total other comprehensive income	263	(1,134)
Comprehensive income	352	(887)
Comprehensive income attributable to:		
owners of parent	346	(839)
non-controlling interest	6	(47)

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 Three Months April 1, 2015 through June 30, 2015	Current Three Months April 1, 2016 through June 30, 2016
Cash flows from operating activities		
Net income before income taxes and minority interests	241	457
Depreciation	380	358
Goodwill amortization	36	36
Increase/ (decrease) of employees retirement benefits	132	(58)
Interest and dividend income	(35)	(34)
Interest expenses	55	36
(Increase)/ decrease in accounts receivable	665	150
(Increase)/ decrease in inventories	(902)	(151)
Increase/ (decrease) in accounts payable	222	(147)
Others	555	521
Sub total	1,352	1,168
Interest and dividend received	38	37
Interest paid	(42)	(28)
Income taxes paid	(378)	(277)
Net cash generated by operating activities	970	899
Cash flows from investing activities		
Payments into time deposits	(50)	(1)
Proceeds from withdrawal of time deposits	600	--
Purchase of property, plant and equipment	(450)	(92)
Purchase of intangible assets	(23)	(16)
Others	19	8
Net cash generated by investing activities	95	(101)
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	(362)	(185)
Outflow from repayment of long-term debts	(210)	--
Others	(52)	(45)
Net cash used for financing activities	(624)	(231)
Effect of exchange rate changes on cash and cash equivalents	(363)	(303)
Increase/(decrease) in cash and cash equivalents	77	262
Cash and cash equivalents at beginning of period	5,918	6,059
Increase/(decrease) in cash and cash equivalents from newly consolidated subsidiary	76	--
Cash and cash equivalents at end of period	6,072	6,321

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 three months (April 1, 2015 through June 30, 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	7,567	1,553	9,120	654	9,775
Intersegment sales or transfers	8	189	197	221	418
Total	7,575	1,742	9,318	875	10,193
Segment profit / (loss)	117	68	186	(9)	176

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	186
Other net loss	(9)
Elimination of intersegment transactions	8
Operating income in quarterly consolidated statements	184

II. Current Three Months (April 1, 2016 through June 30, 2016)

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	7,300	1,524	8,825	677	9,502
Intersegment sales or transfers	9	151	160	212	372
Total	7,309	1,675	8,985	889	9,875
Segment profit/(loss)	391	96	487	10	497

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	487
Other net profit	10
Elimination of intersegment transactions	13
Operating income in quarterly consolidated statements	511

3. Additional information

(1) Geographic segmentation

Previous three months (April 1, 2015 through June 30, 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	5,917	1,727	207	1,921	9,775	--	9,775
(2) Intersegment sales or transfers	2,407	--	4,506	4	6,918	(6,918)	--
Total	8,325	1,727	4,713	1,926	16,693	(6,918)	9,775
Operating income/ (loss)	31	51	58	66	208	(23)	184

Current three months (April 1, 2016 through June 30, 2016)

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	5,926	1,641	115	1,819	9,502	--	9,502
(2) Intersegment sales or transfers	2,407	--	4,033	--	6,441	(6,441)	--
Total	8,334	1,641	4,148	1,819	15,943	(6,441)	9,502
Operating income/ (loss)	133	66	404	40	644	(133)	511

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, Brazil

(2) Overseas sales by region

Previous three months (April 1, 2015 through June 30, 2015)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	1,849	2,149	2,476	6,474
II Consolidated sales				9,775
III Ratio of overseas sales to consolidated sales	18.9%	22.0%	25.3%	66.2%

Current three months (April 1, 2016 through June 30, 2016)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	1,668	2,074	2,506	6,248
II Consolidated sales				9,502
III Ratio of overseas sales to consolidated sales	17.6%	21.8%	26.4%	65.8%

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