

(Translation)

**Consolidated Financial Results**  
**for the 2nd quarter of fiscal year ending March 31, 2017**  
**(April 1, 2016 through September 30, 2016)**  
**[ Japanese GAAP ]**

November 8, 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 : November 11, 2016

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, 2016 through September 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 half year ended <b>September 30, 2016</b>	<b>19,110</b>	<b>(7.7)</b>	<b>1,079</b>	<b>39.9</b>	<b>883</b>	<b>(12.9)</b>	<b>387</b>	<b>(9.2)</b>
September 30, 2015	20,705	(2.8)	771	(41.5)	1,013	(18.0)	426	(37.9)

Note: Comprehensive income was

(721) million yen (-%) at the end of September 2016

(227) million yen (-%) at the end of September 2015

	Net income per share - basic	Net income per share - diluted
First half year ended <b>September 30, 2016</b>	<b>20.02</b>	--
September 30, 2015	22.06	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
First half year ended <b>September 30, 2016</b>	Million yen <b>50,233</b>	Million yen <b>21,202</b>	% <b>40.8</b>
March 31, 2016	51,240	21,949	41.3

Ref. Equity 20,480 million yen at the end of September 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 March 31, 2016	yen --	yen 0.00	yen --	yen 0.00	yen 0.00
<b>March 31, 2017</b>	--	0.00			
March 31, 2017 (Forecast)			--	10.00	10.00

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

### 3. Forecast of consolidated results for fiscal year ending March 31, 2017

(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	%
Full year (April 1, 2016 through March 31, 2017)	40,000	(6.2)	2,300	(6.8)	2,100	(20.7)	1,400	(9.6)

	Net Income per share - basic
	yen
Full year (April 1, 2016 through March 31, 2017)	72.42

Note: Revisions to the forecast of cash dividends 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)

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

189,714 shares at the end of March 2016

( iii ) Average number of public shares during fiscal period

19,331,730 shares at the end of September 2016

19,331,898 shares at the end of September 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 2nd quarter of the fiscal year ending March 31, 2017

### (1) Explanation of financial results

During the six-month period ended September 30, 2016, there was a moderate economic recovery in developed countries where consumer spending was strong, but uncertainty about the future outlook for the global economy persisted due to factors including a slowdown in economic growth in emerging markets, the issue of the United Kingdom's withdrawal from the EU, and a rise in geopolitical risk following a series of terrorism incidents.

In Japan, the economy continued to recover, supported by improvement in corporate earnings as well as employment and wage conditions, but there remained concerns about the risk of economic underperformance due to the continued strong yen, downturn in equity markets, and rising uncertainty about the global economy.

Under these conditions, Janome Group strove to stimulate demand by launching new products in the household equipment and industrial equipment operations, based on our new medium-term management plans launched this year, and to bolster price competitiveness through robust cost cutting measures.

As a result, in the 2nd quarter sales were 19,110 million yen (down 1,594 million yen compared to the corresponding period of the previous fiscal year), operating income was 1,079 million yen (up 307 million yen), ordinary income was 883 million yen (down 130 million yen), and profit attributable to owners of parent was 387 million yen (down 39 million yen).

The performance by segment is outlined below.

#### <Household equipment>

In the overseas sewing machine market, there was continued growth in sales volumes of new products launched by Janome Group this fiscal year, as well as high value-added models launched last fiscal year, and sales to Russia—which had seen a prolonged slump—picked up. Thus performance in this market was strong. In the domestic sewing machine market, enhancement of our product lineup to match demand in each sales channel led to an increase in sales volumes. As a result, sewing machine sales in both the domestic and overseas markets amounted to 800,000 units (up 20,000 units from the corresponding period of the previous fiscal year), sales in the household equipment business overall were 14,847 million yen (down 1,621 million yen), and operating income was 821 million yen (up 250 million yen), despite the impact of the strong yen, thanks to our efforts to reduce prime cost and SG&A expenses.

#### <Industrial equipment>

In the desk-top robot and electro-press machine business, our proactive sales activities, especially in the Asia region—the global base for production—led to new customer development and orders from existing customers, with unit sales of electro-press machines reaching a record high on a half-year basis. We also strengthened our support system, including holding technical seminars, and worked to enhance our technological capability in order to meet the needs of the expanding market. However, there was weak growth in sales in the die-casting-related business, and as a result sales in the industrial equipment business overall were 2,903 million yen (down 19 million yen compared to the corresponding period of the previous fiscal year), and operating income was 215 million yen (down 11 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 1,359 million yen (up 46 million yen compared to the corresponding period of the previous fiscal year), with operating income of 17 million yen as a result of efforts to cut SG&A expense etc (the same period last year saw an operating loss of 47 million yen).

(2) Explanation of financial position

As of September 30, 2016, total assets on a consolidated basis were 50,233 million yen (down 1,007 million yen from the previous fiscal year).

Current assets were 22,440 million yen (down 99 million yen from the previous fiscal year) due to decrease in cash and cash equivalents, and an increase in merchandise and products. Fixed assets were 27,792 million yen (down 907 million yen from the previous fiscal year ended March 31, 2016) due to factors including a depreciation of tangible and intangible assets.

Current liabilities were 19,399 million yen (up 335 million yen from the previous fiscal year) due to factors including an increase in bills and accounts payable, and decrease in income taxes payable, while fixed liabilities were to 9,631 million yen (down 595 million yen from the previous fiscal year) due to factors including decrease in long term borrowing.

Net assets were 21,202 million yen (down 747 million yen from the previous fiscal year) due to factors including an increase in retained earnings and decrease in the foreign currency translations adjustments account.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of September 30, 2016, decreased by 223 million yen from the previous fiscal year ended March 31, 2016, to 5,835 million yen (increase of 900 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 794 million yen (as compared to an inflow of 89 million yen in the corresponding period of the previous fiscal year), due to 876 million yen in quarterly income before income taxes, an increase of 990 million yen in inventories, an increase of 611 million yen in notes and accounts payable, etc.

Net cash generated by investing activities amounted to an outflow of 230 million yen (as compared to an outflow of 264 million yen in the corresponding period of the previous fiscal year), due to expenditure of 197 million yen purchase tangible fixed assets, etc.

Net cash used for financing activities amounted to a reduction in funds of 491 million yen (as compared to an outflow of 760 million yen in the corresponding period of the previous fiscal year), due to factors including an increase in short-term borrowings of 363 million yen and an outflow from repayment of long-term debts 787 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 Half as of September 30, 2016
<b>ASSETS</b>		
Current assets		
Cash and deposits	6,300	6,157
Notes and accounts receivable-trade	7,019	6,908
Merchandise and finished goods	5,390	5,603
Work in process	524	623
Raw materials and supplies	2,288	2,220
Other	1,151	1,059
Allowance for doubtful accounts	(134)	(132)
Total current assets	22,540	22,440
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,458	6,424
Land	14,702	14,648
Other tangible fixed assets (net)	2,672	2,249
Total tangible fixed assets	23,834	23,323
Intangible fixed assets		
Goodwill	72	0
Other intangible fixed assets	1,618	1,434
Total intangible fixed assets	1,690	1,434
Investments and other assets	3,175	3,035
Total fixed assets	28,700	27,792
<b>TOTAL ASSETS</b>	<b>51,240</b>	<b>50,233</b>
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	2,927	3,367
Short-term loans payable	13,241	13,236
Income taxes payable	288	234
Provision for bonuses	469	571
Other current liabilities	2,137	1,989
Total current liabilities	19,064	19,399
Fixed liabilities		
Long-term borrowings	742	300
Deferred income taxes for revaluation	3,494	3,494
Net defined benefit liability	5,325	5,161
Other fixed liabilities	664	675
Total fixed liabilities	10,226	9,631
<b>TOTAL LIABILITIES</b>	<b>29,291</b>	<b>29,031</b>

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2016	Current First Half as of September 30, 2016
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	11,372	11,372
Capital surplus	823	-
Retained earnings	3,609	4,820
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	15,481	15,868
Other comprehensive income		
Valuation difference in other marketable securities	99	86
Land revaluation difference	6,538	6,538
Foreign currency translation adjustments	(350)	(1,546)
Remeasurements of defined benefit plans	(583)	(465)
Total other comprehensive income	5,703	4,612
Non-controlling interests	764	721
<b>TOTAL NET ASSETS</b>	<b>21,949</b>	<b>21,202</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>51,240</b>	<b>50,233</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 First Half April 1, 2015 through September 30, 2015	<b>Current First Half April 1, 2016 through September 30, 2016</b>
Net sales	20,705	19,110
Cost of sales	12,261	10,794
Gross profit	8,443	8,316
Selling, general and administrative expenses	7,671	7,237
Operating income	771	1,079
Non-operating income		
Interest income	15	11
Dividend income	30	31
Exchange gains	256	-
Other	71	60
Total non-operating income	373	103
Non-operating expenses		
Interest expenses	103	76
Foreign exchange losses	-	146
Other	28	76
Total non-operating expenses	131	299
Ordinary income	1,013	883
Extraordinary profits		
Gain on sales of fixed assets	1	0
Total extraordinary profits	1	0
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	2	1
Loss on valuation of investment securities	-	6
Total extraordinary losses	2	7
Income before income taxes	1,012	876
Income tax, resident tax and business tax	333	317
Income tax adjustment	167	118
Total taxes	501	435
Profit	511	440
Profit attributable to non-controlling interests	85	53
Profit attributable to owners of parent	426	387

## Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous First Half April 1, 2015 through September 30, 2015	<b>Current First Half April 1, 2016 through September 30, 2016</b>
Profit	511	440
Other comprehensive income		
Valuation difference on available-for-sale securities	(53)	(12)
Deferred gains or losses on hedges	(3)	-
Foreign currency translation adjustment	(754)	(1,267)
Remeasurements of defined benefit plans	72	117
Total other comprehensive income	(739)	(1,162)
Comprehensive income	(227)	(721)
Comprehensive income attributable to:		
owners of parent	(230)	(704)
non-controlling interests	3	(17)

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, 2015 through September 30, 2015	<b>Current First Half April 1, 2016 through September 30, 2016</b>
<b>Cash flows from operating activities</b>		
Income before income taxes	1,012	876
Depreciation	731	705
Goodwill amortization	72	72
Increase/ (decrease) of employees retirement benefits	(88)	(109)
Interest and dividend income	(45)	(42)
Interest expenses	103	76
(Increase)/ decrease in accounts receivable	19	(296)
(Increase)/ decrease in inventories	(1,566)	(990)
Increase/ (decrease) in accounts payable	528	611
Others	(128)	304
Sub total	639	1,206
Interest and dividend received	46	43
Interest paid	(103)	(74)
Income taxes paid	(492)	(381)
Net cash generated by operating activities	89	794
<b>Cash flows from investing activities</b>		
Payments into time deposits	(51)	(3)
Proceeds from withdrawal of time deposits	600	-
Purchase of property, plant and equipment	(699)	(197)
Proceeds from sales of property, plant and equipment	2	2
Others	(115)	(32)
Net cash generated by investing activities	(264)	(230)
<b>Cash flows from financing activities</b>		
Net increase/(decrease) in short-term borrowings	721	363
Outflow from repayment of long-term debts	(1,409)	(787)
Others	(72)	(67)
Net cash used for financing activities	(760)	(491)
Effect of exchange rate changes on cash and cash equivalents	(123)	(295)
Increase/(decrease) in cash and cash equivalents	(1,059)	(223)
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	4,935	5,835

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, 2015 through September 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	16,468	2,923	19,392	1,313	20,705
Intersegment sales or transfers	21	411	432	489	922
Total	16,490	3,334	19,824	1,803	21,627
Segment profit / (loss)	570	227	798	(47)	750

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	798
Other net loss	(47)
Elimination of intersegment transactions	21
Operating income in quarterly consolidated statements	771

II. Current first half (April 1, 2016 through September 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	14,847	2,903	17,750	1,359	19,110
Intersegment sales or transfers	19	357	376	420	797
Total	14,867	3,260	18,127	1,780	19,908
Segment profit/(loss)	821	215	1,036	17	1,053

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	1,036
Other net loss	17
Elimination of intersegment transactions	25
Operating income in quarterly consolidated statements	1,079

### 3. Additional information

#### (1) Geographic segmentation

Previous first half (April 1, 2015 through September 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	12,590	3,852	360	3,902	20,705	--	20,705
(2) Intersegment sales or transfers	6,666	--	10,113	10	16,790	(16,790)	--
Total	19,256	3,852	10,473	3,913	37,495	(16,790)	20,705
Operating income/ (loss)	755	90	434	146	1,428	(656)	771

Current first half (April 1, 2016 through September 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	12,224	3,309	218	3,357	19,110	--	19,110
(2) Intersegment sales or transfers	5,322	--	8,716	5	14,044	(14,044)	--
Total	17,546	3,309	8,935	3,363	33,155	(14,044)	19,110
Operating income/ (loss)	439	150	902	84	1,576	(496)	1,079

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 first half (April 1, 2015 through September 30, 2015)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	4,054	4,774	5,347	14,177
II Consolidated sales				20,705
III Ratio of overseas sales to consolidated sales	19.6%	23.1%	25.8%	68.5%

Current first half (April 1, 2016 through September 30, 2016)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	3,432	4,510	4,728	12,671
II Consolidated sales				19,110
III Ratio of overseas sales to consolidated sales	18.0%	23.6%	24.7%	66.3%

Notes:

1. Overseas sales include sales by the Company and its subsidiaries in countries and regions outside Japan.

2. Countries or regional analyses

(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