

(Translation)

CONSOLIDATED FINANCIAL RESULTS
for the 1st quarter of fiscal year ending 31 March, 2014
(April 1, 2013 through June 30, 2013)
[Japanese Standards]

August 2, 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
Phone: +81 42 661 3071

Filing date of financial statements for the first quarter year: August 9, 2013

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, 2013 through June 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 three months ended June 30, 2013	9,600	2.8	166	(64.9)	(389)	-	(581)	-
June 30, 2012	9,340	8.7	473	53.6	448	59.7	226	73.4

Note: Comprehensive income was -309 million yen (-%) at the end of June 2013, and -251 million yen (-%) at the end of June 2012

	Net income per share - basic	Net income per share - diluted
First three months ended June 30, 2013	yen (3.01)	yen --
June 30, 2012	1.17	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
First three months ended June 30, 2013	Million yen 50,581	Million yen 16,038	% 30.7	yen 80.31
March 31, 2013	50,183	16,373	31.6	81.91

Ref. Equity 15,525 million yen at the end of June 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 March 31, 2013	yen --	yen 0.00	yen --	yen 0.00	yen 0.00
March 31, 2014	--				
March 31, 2014 (Forecast)		0.00	--	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	%
First half (April 1, 2013 through September 30, 2013)	20,000	4.7	1,100	13.4	450	80.0	50	-
Full year (April 1, 2013 through March 31, 2014)	41,000	6.1	2,400	38.9	2,000	339.5	1,300	-

	Net Income per share - basic yen
First half (April 1, 2013 through September 30, 2013)	0.26
Full year (April 1, 2013 through March 31, 2014)	6.72

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 June 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 June 2013

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

(iii) Average number of public shares during fiscal period

193,320,779 shares at the end of June 2013

193,321,180 shares at the end of June 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 1st quarter of the fiscal year ending 31st March, 2014

(1) Explanation of financial results

During the first quarter ended 30 June, 2013, economic recovery in the leading developed nations was delayed due to fiscal tightening, and this also affected emerging economies including China, India and Brazil. As a result, growth in the world economy slowed due to factors including falling exports and sluggish capital expenditure. In Japan, while there were some signs of a bottoming of private sector demand along with a recovery in share prices and correction of the strong yen brought about by "Abenomics", the impact of this delayed global economic recovery was felt, and the economy expanded only modestly.

Given the rising cost of sales ratio due to intensified low-cost competition in the sewing machine sector, the Janome Group has transferred the administrative functions of overseas sewing machine production to Janome Taiwan Co., Ltd in order to accelerate decision-making within the Group and achieve the pressing issue of cost reduction. Although improvements in earnings can be expected going forward, in the first quarter total sales were 9,600 million yen (up 2.8% compared to the corresponding period of the previous fiscal year), operating income was 166 million yen (down 64.9%), there was an ordinary loss of 389 million yen (compared with an ordinary profit of 448 million yen in the corresponding period of the previous fiscal year), and a net loss for the quarter of 581 million yen (compared with a net profit of 226 million yen in the corresponding period of the previous fiscal year), in part due to the recording of a business restructuring loss as a non-operating expense.

An overview by segment is given below.

The home-use sewing machine business felt the impact of intensified competition, despite the focus of our efforts on expanding market share in domestic and overseas markets, recording sales of approximately 460,000 units in the first quarter (a fall of about 20,000 units compared to the corresponding period of the previous fiscal year). Sales were 7,883 million yen (up 7.4% compared to the corresponding period of the previous fiscal year), in part due to the weaker yen, but operating income was 75 million yen (down 72.6%) due to higher cost and SG&A expenses at overseas subsidiaries associated with the weaker yen.

In the industrial equipment business, our focus is on the domestic market and the emerging markets of China and Southeast Asia, and we are conducting aggressive marketing to manufacturers of mobile phones and other information devices, and to manufacturers in fields such as automotive parts. However, sales of desk-top robots and electro-press machines were lower than in the previous fiscal year, due to reduced capital expenditure in emerging markets resulting from the economic slowdown, with sales of 1,069 million yen (down 21.1% compared to the corresponding period of the previous fiscal year) and operating income of 77 million yen (down 65.5%).

In other business segments including IT software development, sales were 647 million yen (up 0.6% compared to the corresponding period of the previous fiscal year), with operating income of 8 million yen (versus a loss of 29 million yen in the corresponding period of the previous fiscal year).

(2) Explanation of financial position

As of 30 June, 2013, total assets on a consolidated basis were 50,581 million yen (up 397 million yen from the previous fiscal year ended 31 March, 2013).

Current assets were 20,607 million yen (up 436 million yen from the previous fiscal year ended 31 March, 2013) due to factors including increases in bills and accounts receivable, merchandise and products. Fixed assets were 29,973 million yen (down 38 million yen from the previous fiscal year ended 31 March, 2013) due to factors including depreciation.

Current liabilities were 16,992 million yen (up 1,004 million yen from the previous fiscal year ended 31 March, 2013) due to factors including increases in bills and accounts payable and business restructuring provisions, while fixed liabilities decreased to 17,549 million yen (down 272 million yen) due to factors including a fall in long-term borrowing.

Net assets were 16,038 million yen (down 334 million yen from the previous fiscal year ended 31 March, 2013) due to factors including a decrease in retained earnings.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of 30 June, 2013 decreased by 323 million yen from the previous fiscal year ended 31 March, 2013, to 4,462 million yen (a decrease of 1,278 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 46 million yen, reflecting factors including a quarterly loss of 391 million yen before income taxes and minority interests, an increase of 389 million yen in inventories, and an increase of 474 million yen in notes and accounts payable.

Net cash generated by investing activities amounted to an outflow of 79 million yen, due to factors including 57 million yen expenditure on the acquisition of tangible fixed assets.

Net cash generated by financing activities amounted to an outflow of 383 million yen, due to factors including 213 million yen expenditure on the repayment of long-term borrowing.

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 Quarter as of June 30, 2013
ASSETS		
Current assets		
Cash and deposits	5,580	5,230
Notes and accounts receivable-trade	6,183	6,432
Merchandise and finished goods	4,602	4,898
Work in process	501	636
Raw materials and supplies	2,598	2,551
Other	849	1,019
Allowance for doubtful accounts	(146)	(161)
Total current assets	20,170	20,607
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,216	6,185
Land	15,878	15,888
Other tangible fixed assets (net)	2,588	2,563
Total tangible fixed assets	24,683	24,637
Intangible fixed assets		
Goodwill	505	469
Other intangible fixed assets	1,376	1,442
Total intangible fixed assets	1,882	1,912
Investments and other assets	3,446	3,423
Total fixed assets	30,012	29,973
TOTAL ASSETS	50,183	50,581
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,861	3,287
Short-term loans payable	10,243	10,157
Income taxes payable	272	162
Provision for bonuses	417	193
Provision for Restructuring loss	92	365
Other current liabilities	2,100	2,827
Total current liabilities	15,987	16,992
Fixed liabilities		
Long-term borrowings	8,119	7,906
Deferred income taxes for revaluation	4,420	4,420
Liability for employee retirement payments	4,572	4,537
Other fixed liabilities	711	685
Total fixed liabilities	17,822	17,549
TOTAL LIABILITIES	33,810	34,542

	Currency unit: million yen	
	Previous Fiscal Year ended Mar 31, 2013	Current First Quarter as of June 30, 2013
NET ASSETS		
Shareholders equity		
Common stock	11,372	11,372
Capital surplus	823	823
Retained earnings	(1,846)	(2,427)
Treasury stock, at cost	(324)	(324)
Total shareholders equity	10,024	9,443
Other comprehensive income		
Valuation difference in other marketable securities	131	214
Gain (loss) on deferred hedge	(7)	(7)
Land revaluation difference	6,572	6,572
Foreign currency translation adjustments	(885)	(697)
Total other comprehensive income	5,810	6,081
Minority interest share	537	513
TOTAL NET ASSETS	16,373	16,038
TOTAL LIABILITIES AND NET ASSETS	50,183	50,581

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, 2012 through June 30, 2012	Current Three Months April 1, 2013 through June 30, 2013
Net sales	9,340	9,600
Cost of sales	5,533	5,911
Gross profit	3,806	3,689
Selling, general and administrative expenses	3,332	3,523
Operating income	473	166
Non-operating income		
Interest income	5	5
Dividend income	14	19
Exchange gains	115	-
Other	38	24
Total non-operating income	173	49
Non-operating expenses		
Interest expenses	94	88
Foreign exchange losses	-	48
Restructuring loss	90	450
Miscellaneous expenses	13	17
Total non-operating expenses	198	605
Ordinary income	448	(389)
Extraordinary profits		
Gain on sales of fixed assets	0	0
Gain on sales of investment securities	-	4
Total extraordinary profits	0	4
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	3	6
Loss on valuation of investment securities	10	-
Total extraordinary losses	14	6
Income before income taxes and minority interests	434	(391)
Income tax, resident tax and business tax	150	131
Income tax adjustment	50	53
Total taxes	200	185
Net income before minority interests	234	(576)
Minority interests	7	4
Net income	226	(581)

Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous Three Months April 1, 2012 through June 30, 2012	Current Three Months April 1, 2013 through June 30, 2013
Income before minority interests	234	(576)
Other comprehensive income		
Valuation difference on available-for-sale securities	10	82
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(495)	183
Total other comprehensive income	(485)	266
Comprehensive income	(251)	(309)
Comprehensive income attributable to:		
parent company owners	(226)	(310)
minority interests	(24)	0

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, 2012 through June 30, 2012	Current Three Months April 1, 2013 through June 30, 2013
Cash flows from operating activities		
Net income before income taxes and minority interests	434	(391)
Depreciation	236	267
Goodwill amortization	41	36
Increase/ (decrease) in allowance for doubtful accounts	(4)	8
Increase/ (decrease) of employees retirement benefits	32	(62)
Interest and dividend income	(20)	(24)
Interest expenses	94	88
(Increase)/ decrease in accounts receivable	199	(174)
(Increase)/ decrease in inventories	(570)	(389)
Increase/ (decrease) in accounts payable	(22)	474
Others	166	473
Sub total	588	306
Interest and dividend received	22	27
Interest paid	(57)	(43)
Income taxes paid	(182)	(243)
Net cash generated by operating activities	371	46
Cash flows from investing activities		
Payments into time deposits	(1)	(101)
Proceeds from withdrawal of time deposits	100	100
Purchase of property, plant and equipment	(194)	(57)
Purchase of intangible assets	(14)	(10)
Others	(20)	(10)
Net cash generated by investing activities	(130)	(79)
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	65	(133)
Outflow from repayment of long-term debts	(287)	(213)
Others	(31)	(37)
Net cash used for financing activities	(254)	(383)
Effect of exchange rate changes on cash and cash equivalents	(130)	93
Increase/(decrease) in cash and cash equivalents	(144)	(323)
Cash and cash equivalents at beginning of period	5,885	4,785
Cash and cash equivalents at end of period	5,740	4,462

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, 2012 through June 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	7,341	1,355	8,697	643	9,340
Intersegment sales or transfers	10	175	186	258	445
Total	7,351	1,531	8,883	902	9,785
Segment profit / (loss)	274	225	499	(29)	470

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	499
Other net loss	(29)
Elimination of intersegment transactions	3
Operating income in quarterly consolidated statements	473

II. Current Three Months (April 1, 2013 through June 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	7,883	1,069	8,953	647	9,600
Intersegment sales or transfers	9	239	248	216	465
Total	7,892	1,309	9,202	863	10,065
Segment profit/(loss)	75	77	152	8	161

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	152
Other net profit	8
Elimination of intersegment transactions	4
Operating income in quarterly consolidated statements	166

3. Additional information

(1) Geographic segmentation

Previous three months (April 1, 2012 through June 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	6,761	1,127	181	1,271	9,340	--	9,340
(2) Intersegment sales or transfers	1,728	--	3,913	10	5,651	(5,651)	--
Total	8,489	1,127	4,094	1,281	14,991	(5,651)	9,340
Operating income/ (loss)	212	63	105	109	490	(17)	473

Current three months (April 1, 2013 through June 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	6,559	1,309	188	1,542	9,600	--	9,600
(2) Intersegment sales or transfers	1,684	--	4,544	7	6,236	(6,236)	--
Total	8,244	1,309	4,732	1,549	15,836	(6,236)	9,600
Operating income/ (loss)	(27)	70	16	93	153	12	166

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 three months (April 1, 2012 through June 30, 2012)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	1,165	2,290	2,360	5,816
II Consolidated sales				9,340
III Ratio of overseas sales to consolidated sales	12.5%	24.5%	25.3%	62.3%

Current three months (April 1, 2013 through June 30, 2013)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	1,355	2,831	2,246	6,434
II Consolidated sales				9,600
III Ratio of overseas sales to consolidated sales	14.1%	29.5%	23.4%	67.0%

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