

(Translation)

**Consolidated Financial Results**  
**for the 1st quarter of fiscal year ending 31 March, 2015**  
**(April 1, 2014 through June 30, 2014)**  
**[ Japanese GAAP ]**

August 5, 2014

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  
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Filing date of financial statements for the first quarter year: August 11, 2014

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, 2014 through June 30, 2014)**

(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 <b>June 30, 2014</b>	<b>10,517</b>	<b>9.6</b>	<b>693</b>	<b>317.2</b>	<b>650</b>	-	<b>361</b>	-
June 30, 2013	9,600	2.8	166	(64.9)	(389)	-	(581)	-

Note: Comprehensive income was

332 million yen (-%) at the end of June 2014

-309 million yen (-%) at the end of June 2013

	Net income per share - basic	Net income per share - diluted
First three months ended <b>June 30, 2014</b>	yen <b>1.87</b>	yen --
June 30, 2013	(3.01)	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
First three months ended <b>June 30, 2014</b>	Million yen <b>51,549</b>	Million yen <b>18,423</b>	% <b>34.5</b>
March 31, 2014	51,409	18,117	34.0

Ref. Equity 17,796 million yen at the end of June 2014, and 17,465 million yen at the end of March 2014

**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, 2014	yen --	yen 0.00	yen --	yen 0.00	yen 0.00
<b>March 31, 2015</b>	--				
March 31, 2015 (Forecast)		0.00	--	0.00	0.00

### 3. Forecast of consolidated results for fiscal year ending March 31, 2015

(April 1, 2014 through March 31, 2015)

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, 2014 through September 30, 2014)	21,500	(0.7)	1,200	(5.4)	1,000	58.8	600	131.3
Full year (April 1, 2014 through March 31, 2015)	46,000	2.9	3,000	3.3	2,700	14.7	1,800	23.2

	Net Income per share - basic yen
First half (April 1, 2014 through September 30, 2014)	3.10
Full year (April 1, 2014 through March 31, 2015)	9.31

### 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: Yes

(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 2014

195,214,448 shares at the end of March 2014

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

1,893,683 shares at the end of June 2014

1,893,683 shares at the end of March 2014

(iii) Average number of public shares during fiscal period

193,320,765 shares at the end of June 2014

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

### 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, 2015

### (1) Explanation of financial results

The world economy in the first quarter consolidated cumulative period saw a trend toward recovery, mainly in developed countries, such as the United States, but the movement was slowed due to geopolitical risk factors, such as in the Ukraine and arising from the situation in the Middle East, as well as due to a slowing of growth in some emerging countries.

The deterioration of business confidence in the Japanese economy, which had been feared due to the hike in the consumption tax, was not as bad as initially expected and the recovery trend can be expected to continue as deflation falls away and the economy recovers due to the support from domestic demand arising from monetary policy and economic measures.

Under such conditions last year, which was the second year of our mid-term business plan, our group sought to maximize the results of the policies we had implemented and to develop our growth strategies, which are aimed at improving profitability; at the same time we worked to cut price costs as well as sales and administration costs. As a result, performance was steady, with total sales of 10,517 million yen (up 9.6% over the same quarter last year), and operating income of 693 million yen (up 317.2% same quarter YOY), while ordinary income was 650 million yen (the same period last year saw a quarterly net loss of 389 million yen) and quarterly net income was 361 million yen (the same period last year saw a net loss of 581 million yen).

The performance by segment is outlined below.

#### <Household equipment>

In the household equipment segment, we have focused on expanding share domestically and abroad and on promoting sales of high value-added products. As a result, our sales volume of sewing machines for household use was essentially the same over the same period last year at some 460,000 units in the 1st quarter (4,000 fewer units over same period last year), with a sales value of 8,180 million yen (up 3.8% same quarter YOY), and recording an operating income of 478 million yen (up 537.3% same quarter YOY).

#### <Industrial equipment>

Turning to our industrial equipment business, we put our sales company that we established last fiscal year in Taiwan to good use, with a focus on emerging markets of China and Southeast Asia, as well as Japan, and we developed our sales activities in a proactive way. Our table-top robotics business in particular took in large number of orders from information terminal related businesses, such as for cell phones, as we sought to greatly expand the numbers of units year on year. Our servo press business also continued to be strong, centered on manufacturing-related business, such as automotive parts, etc., posting sales of 1,656 million yen (up 54.9% same quarter YOY) and operating income of 226 million yen (up 190.6% same quarter YOY).

#### <Other>

In other business segments including IT software development, sales were 679 million yen (up 5.0% same quarter YOY), with operating loss of 14 million yen (the same period last year saw a profit of 8 million yen).

## (2) Explanation of financial position

As of June 30, 2014, total assets on a consolidated basis were 51,549 million yen (up 139 million yen from the previous fiscal year).

Current assets were 22,186 million yen (up 277 million yen from the previous fiscal year) due to reductions in cash and cash equivalents and an increase in merchandise and products. This is due to a temporary drop in inventories for domestic sales, arising from last-minute demand prior to the hike in consumption tax at the end of the last fiscal year, but this returned to normal levels at the end of the 1st quarter. Fixed assets were 29,362 million yen (down 137 million yen from the previous fiscal year) due to factors including depreciation.

Current liabilities were 18,642 million yen (down 22 million yen from the previous fiscal year) due to factors including an increase in bills and accounts payable, and decrease in short-term borrowing, while fixed liabilities decreased to 14,482 million yen (down 144 million yen from the previous fiscal year) due to factors including a fall in long-term borrowing.

Net assets were 18,423 million yen (up 306 million yen from the previous fiscal year) due to factors including an increase in retained earnings.

### [Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of June 30, 2014 decreased by 192 million yen from the previous fiscal year ended March 31, 2014, to 6,109 million yen (an increase of 1,647 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 604 million yen (as compared to an inflow of 46 million yen in the corresponding period of the previous fiscal year), due to 649 million yen in quarterly income before income taxes and minority interests, an increase of 123 million yen in liabilities for retirement benefits, an increase of 564 million yen in inventories, etc., and an increase of 295 million yen in notes and accounts payable, etc.

Net cash generated by investing activities amounted to an outflow of 186 million yen (as compared to an outflow of 79 million yen in the corresponding period of the previous fiscal year), due to expenditure of 180 million yen to purchase tangible fixed assets.

Net cash used for financing activities amounted to a reduction in funds of 522 million yen (as compared to an outflow of 383 million yen in the corresponding period of the previous fiscal year), due to factors including a decrease in short-term borrowings of 273 million yen and an outflow from repayment of long-term debts of 213 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, 2014	Current First Quarter as of June 30, 2014
<b>ASSETS</b>		
Current assets		
Cash and deposits	7,076	6,863
Notes and accounts receivable-trade	6,621	6,552
Merchandise and finished goods	4,451	4,708
Work in process	479	553
Raw materials and supplies	2,318	2,469
Other	1,103	1,179
Allowance for doubtful accounts	(141)	(139)
Total current assets	21,909	22,186
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,939	5,889
Land	15,049	15,046
Other tangible fixed assets (net)	2,912	2,919
Total tangible fixed assets	23,900	23,855
Intangible fixed assets		
Goodwill	361	325
Other intangible fixed assets	1,637	1,669
Total intangible fixed assets	1,999	1,994
Investments and other assets	3,600	3,512
Total fixed assets	29,500	29,362
<b>TOTAL ASSETS</b>	<b>51,409</b>	<b>51,549</b>
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	3,408	3,697
Short-term loans payable	12,007	11,719
Income taxes payable	444	200
Provision for bonuses	449	203
Provision for Restructuring loss	88	85
Other current liabilities	2,266	2,736
Total current liabilities	18,665	18,642
Fixed liabilities		
Long-term borrowings	4,500	4,290
Deferred income taxes for revaluation	4,158	4,158
Net defined benefit liability	5,215	5,278
Other fixed liabilities	752	754
Total fixed liabilities	14,627	14,482
<b>TOTAL LIABILITIES</b>	<b>33,292</b>	<b>33,125</b>

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2014	Current First Quarter as of June 30, 2014
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	11,372	11,372
Capital surplus	823	823
Retained earnings	87	449
Treasury stock, at cost	(324)	(324)
Total shareholders' equity	11,958	12,320
Other comprehensive income		
Valuation difference in other marketable securities	226	206
Gain (loss) on deferred hedge	(3)	(3)
Land revaluation difference	6,099	6,099
Foreign currency translation adjustments	(331)	(401)
Remeasurements of defined benefit plans	(483)	(425)
Total other comprehensive income	5,506	5,475
Minority interest share	652	627
<b>TOTAL NET ASSETS</b>	<b>18,117</b>	<b>18,423</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>51,409</b>	<b>51,549</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 Three Months April 1, 2013 through June 30, 2013	Current Three Months April 1, 2014 through June 30, 2014
Net sales	9,600	10,517
Cost of sales	5,911	6,310
Gross profit	3,689	4,207
Selling, general and administrative expenses	3,523	3,514
Operating income	166	693
Non-operating income		
Interest income	5	6
Dividend income	19	28
Other	24	49
Total non-operating income	49	84
Non-operating expenses		
Interest expenses	88	62
Foreign exchange losses	48	24
Restructuring loss	450	-
Other	17	39
Total non-operating expenses	605	126
Ordinary income	(389)	650
Extraordinary profits		
Gain on sales of fixed assets	0	2
Gain on sales of investment securities	4	-
Total extraordinary profits	4	2
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	6	3
Total extraordinary losses	6	3
Income before income taxes and minority interests	(391)	649
Income tax, resident tax and business tax	131	184
Income tax adjustment	53	91
Total taxes	185	275
Net income before minority interests	(576)	373
Minority interests	4	11
Net income	(581)	361

## Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous Three Months April 1, 2013 through June 30, 2013	Current Three Months April 1, 2014 through June 30, 2014
Income before minority interests	(576)	373
Other comprehensive income		
Valuation difference on available-for-sale securities	82	(19)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	183	(80)
Remeasurements of defined benefit plans	-	58
Total other comprehensive income	266	(40)
Comprehensive income	(309)	332
Comprehensive income attributable to:		
parent company owners	(310)	331
minority interests	0	1

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, 2013 through June 30, 2013	Current Three Months <b>April 1, 2014</b> through <b>June 30, 2014</b>
<b>Cash flows from operating activities</b>		
Net income before income taxes and minority interests	(391)	649
Depreciation	267	278
Goodwill amortization	36	36
Increase/ (decrease) of employees retirement benefits	(62)	-
Increase/ (decrease) in net defined benefit liability	-	123
Interest and dividend income	(24)	(35)
Interest expenses	88	62
(Increase)/ decrease in accounts receivable	(174)	57
(Increase)/ decrease in inventories	(389)	(564)
Increase/ (decrease) in accounts payable	474	295
Others	481	142
Sub total	306	1,046
Interest and dividend received	27	38
Interest paid	(43)	(43)
Income taxes paid	(243)	(436)
Net cash generated by operating activities	46	604
<b>Cash flows from investing activities</b>		
Payments into time deposits	(101)	(30)
Proceeds from withdrawal of time deposits	100	37
Purchase of property, plant and equipment	(57)	(180)
Purchase of intangible assets	(10)	(49)
Others	(10)	36
Net cash generated by investing activities	(79)	(186)
<b>Cash flows from financing activities</b>		
Net increase/(decrease) in short-term borrowings	(133)	(273)
Outflow from repayment of long-term debts	(213)	(213)
Others	(37)	(35)
Net cash used for financing activities	(383)	(522)
Effect of exchange rate changes on cash and cash equivalents	93	(88)
Increase/(decrease) in cash and cash equivalents	(323)	(192)
Cash and cash equivalents at beginning of period	4,785	6,301
Cash and cash equivalents at end of period	4,462	6,109

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, 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

II. Current Three Months (April 1, 2014 through June 30, 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	8,180	1,656	9,837	679	10,517
Intersegment sales or transfers	9	221	231	215	446
Total	8,190	1,878	10,068	895	10,963
Segment profit/(loss)	478	226	704	(14)	689

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	704
Other net loss	(14)
Elimination of intersegment transactions	3
Operating income in quarterly consolidated statements	693

### 3. Additional information

#### (1) Geographic segmentation

Previous 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

Current three months (April 1, 2014 through June 30, 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	6,741	1,720	192	1,862	10,517	--	10,517
(2) Intersegment sales or transfers	2,372	--	4,718	0	7,091	(7,091)	--
Total	9,114	1,720	4,910	1,863	17,609	(7,091)	10,517
Operating income/ (loss)	379	127	140	105	752	(59)	693

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, 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%

Current three months (April 1, 2014 through June 30, 2014)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	1,629	3,190	2,461	7,281
II Consolidated sales				10,517
III Ratio of overseas sales to consolidated sales	15.5%	30.3%	23.4%	69.2%

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