

(Translation)

Consolidated Financial Results
for the 1st quarter of fiscal year ending March 31, 2016
(April 1, 2015 through June 30, 2015)
[Japanese GAAP]

August 4, 2015

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: Micho 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, 2015

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 June 30, 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 three months ended June 30, 2015	9,775	(7.1)	184	(73.4)	243	(62.6)	72	(79.9)
June 30, 2014	10,517	9.6	693	317.2	650	-	361	-

Note: Comprehensive income was

352 million yen (6.0%) at the end of June 2015

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

	Net income per share - basic	Net income per share - diluted
First three months ended June 30, 2015	0.38	--
June 30, 2014	1.87	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
First three months ended June 30, 2015	Million yen 53,971	Million yen 21,996	% 39.4
March 31, 2015	54,054	21,696	38.7

Ref. Equity 21,267 million yen at the end of June 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 March 31, 2015	yen --	yen 0.00	yen --	yen 0.00	yen 0.00
March 31, 2016	--				
March 31, 2016 (Forecast)		0.00	--	0.00	0.00

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	%
First half (April 1, 2015 through September 30, 2015)	22,500	5.6	1,500	13.6	1,400	13.2	1,000	45.7
Full year (April 1, 2015 through March 31, 2016)	48,000	4.3	3,500	18.2	3,300	21.7	2,300	23.6

	Net Income per share - basic yen
First half (April 1, 2015 through September 30, 2015)	5.17
Full year (April 1, 2015 through March 31, 2016)	11.90

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)

195,214,448 shares at the end of June 2015

195,214,448 shares at the end of March 2015

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

1,895,349 shares at the end of June 2015

1,894,720 shares at the end of March 2015

(iii) Average number of public shares during fiscal period

193,319,414 shares at the end of June 2015

193,320,765 shares at the end of June 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 1st quarter of the fiscal year ending March 31, 2016

(1) Explanation of financial results

During the first quarter ended June 30, 2015, the global economy maintained a modest recovery trend, driven by the US economy which was supported by solid consumer spending as a result of improving employment conditions. At the same time, there was growing uncertainty about the future outlook, with sluggish economic performance in resource-rich countries due to falls in oil prices and home currencies, a slowdown in China, and in Europe problems associated with Greece. In Japan, meanwhile, the economy saw a gentle recovery trend on the back of a recovery in corporate earnings resulting from the weaker yen and improvement in employment/income conditions, underpinned by the government's economic stimulus measures and monetary easing by the Bank of Japan.

In the light of these circumstances, Janome Group has conducted proactive marketing activities while addressing the economic environment and requirements of each business/market. However, sales slowed in the home-use sewing machine business, mainly in Russia and emerging markets. As a result, in the first quarter total sales were 9,775 million yen (down 7.1% compared to the corresponding period of the previous year), operating income was 184 million yen (down 73.4%), ordinary income was 243 million yen (down 62.6%), and net profit for the quarter attributable to parent company shareholders was 72 million (down 79.9%).

The performance by segment is outlined below.

<Household equipment>

In the household equipment business, we focused on stimulating demand both in Japan and overseas, but despite a solid performance in North America, sales of home-use sewing machines fell by 100,000 units compared to the corresponding period of the previous fiscal year to 350,000 units, with revenue of 7,567 million yen (down 7.5%) and operating income of 117 million yen (down 75.4%), due in part to the effects of local currency depreciation and lacklustre consumer spending in resource-rich countries and emerging markets.

<Industrial equipment>

In the industrial equipment segment, Janome Group endeavoured to expand sales, primarily to smartphone and other mobile device-related companies in the desk-top robot business, and to the automotive parts sector in the electro-press machine business. In the die-casting-related business, there was an increase in component-related orders from the automotive and precision/industrial equipment sectors, reflecting confidence in Janome's technological capability.

However, in the industrial equipment business net sales were 1,553 million yen (down 6.2% compared to the corresponding period of the previous fiscal year), and operating income was 68 million yen (down 69.7%), due to 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 654 million yen (down 3.7% compared to the previous fiscal year), with operating loss of 9 million yen (the same period last year saw a loss of 14 million yen).

(2) Explanation of financial position

As of June 30, 2015, total assets on a consolidated basis were 53,971 million yen (down 83 million yen from the previous fiscal year).

Current assets were 23,817 million yen (up 259 million yen from the previous fiscal year) due to reductions in cash and cash equivalents, bills and accounts receivable, and an increase in merchandise and products. Fixed assets were 30,154 million yen (down 342 million yen from the previous fiscal year ended March 31, 2015) due to factors including a decrease in investment securities.

Current liabilities were 19,862 million yen (down 415 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 were to 12,111 million yen (up 31 million yen from the previous fiscal year) due to increase in liability for retirement benefits.

Net assets were 21,996 million yen (up 300 million yen from the previous fiscal year) due to factors including an increase in the foreign currency translations adjustments account.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of June 30, 2015 increased by 153 million yen from the previous fiscal year ended March 31, 2015, to 6,072 million yen (decrease of 37 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 970 million yen (as compared to an inflow of 604 million yen in the corresponding period of the previous fiscal year), due to 241 million yen in quarterly income before income taxes and minority interests, a decrease of 665 million yen in notes and account receivable, an increase of 902 million yen in inventories, and an increase of 222 million yen in notes and accounts payable, etc.

Net cash generated by investing activities amounted to an inflow of 95 million yen (as compared to an outflow of 186 million yen in the corresponding period of the previous fiscal year), due to 600 million yen from withdrawal of time deposits, expenditure of 450 million yen purchase tangible fixed assets, etc.

Net cash used for financing activities amounted to a reduction in funds of 624 million yen (as compared to an outflow of 522 million yen in the corresponding period of the previous fiscal year), due to factors including a decrease in short-term borrowings of 362 million yen and an outflow from repayment of long-term debts of 210 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 First Quarter as of June 30, 2015
ASSETS		
Current assets		
Cash and deposits	6,692	6,353
Notes and accounts receivable-trade	7,644	7,159
Merchandise and finished goods	4,894	5,753
Work in process	482	662
Raw materials and supplies	2,628	2,738
Other	1,380	1,316
Allowance for doubtful accounts	(164)	(167)
Total current assets	23,557	23,817
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,831	6,782
Land	14,785	14,794
Other tangible fixed assets (net)	2,953	2,928
Total tangible fixed assets	24,570	24,505
Intangible fixed assets		
Goodwill	216	180
Other intangible fixed assets	1,847	1,838
Total intangible fixed assets	2,064	2,018
Investments and other assets	3,861	3,630
Total fixed assets	30,496	30,154
TOTAL ASSETS	54,054	53,971
LIABILITIES		
Current liabilities		
Notes and accounts payable	3,140	3,432
Short-term loans payable	13,232	12,741
Income taxes payable	398	176
Provision for bonuses	491	284
Provision for Restructuring loss	86	85
Other current liabilities	2,929	3,143
Total current liabilities	20,278	19,862
Fixed liabilities		
Long-term borrowings	2,203	2,203
Deferred income taxes for revaluation	3,683	3,683
Net defined benefit liability	5,418	5,473
Other fixed liabilities	773	751
Total fixed liabilities	12,079	12,111
TOTAL LIABILITIES	32,358	31,974

	Previous Fiscal Year ended Mar 31, 2015	Currency unit: million yen Current First Quarter as of June 30, 2015
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Capital surplus	823	823
Retained earnings	2,077	2,129
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	13,948	14,000
Other comprehensive income		
Valuation difference in other marketable securities	238	244
Gain (loss) on deferred hedge	(0)	(0)
Land revaluation difference	6,355	6,355
Foreign currency translation adjustments	798	1,041
Remeasurements of defined benefit plans	(398)	(374)
Total other comprehensive income	6,993	7,266
Non-controlling interest	754	729
TOTAL NET ASSETS	21,696	21,996
TOTAL LIABILITIES AND NET ASSETS	54,054	53,971

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, 2014 through June 30, 2014	Current Three Months April 1, 2015 through June 30, 2015
Net sales	10,517	9,775
Cost of sales	6,310	5,792
Gross profit	4,207	3,982
Selling, general and administrative expenses	3,514	3,797
Operating income	693	184
Non-operating income		
Interest income	6	9
Dividend income	28	25
Exchange gains	-	60
Other	49	31
Total non-operating income	84	127
Non-operating expenses		
Interest expenses	62	55
Foreign exchange losses	24	-
Other	39	13
Total non-operating expenses	126	68
Ordinary income	650	243
Extraordinary profits		
Gain on sales of fixed assets	2	0
Total extraordinary profits	2	0
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	3	2
Total extraordinary losses	3	2
Income before income taxes and minority interests	649	241
Income tax, resident tax and business tax	184	124
Income tax adjustment	91	27
Total taxes	275	151
Net income	373	89
Profit attributable to non-controlling interest	11	16
Profit attributable to owners of parent	361	72

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 June 30, 2014	Current Three Months April 1, 2015 through June 30, 2015
Net income	373	89
Other comprehensive income		
Valuation difference on available-for-sale securities	(19)	5
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	(80)	232
Remeasurements of defined benefit plans	58	24
Total other comprehensive income	(40)	263
Comprehensive income	332	352
Comprehensive income attributable to:		
owners of parent	331	346
non-controlling interest	1	6

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, 2014 through June 30, 2014	Current Three Months April 1, 2015 through June 30, 2015
Cash flows from operating activities		
Net income before income taxes and minority interests	649	241
Depreciation	278	380
Goodwill amortization	36	36
Increase/ (decrease) of employees retirement benefits	123	132
Interest and dividend income	(35)	(35)
Interest expenses	62	55
(Increase)/ decrease in accounts receivable	57	665
(Increase)/ decrease in inventories	(564)	(902)
Increase/ (decrease) in accounts payable	295	222
Others	142	555
Sub total	1,046	1,352
Interest and dividend received	38	38
Interest paid	(43)	(42)
Income taxes paid	(436)	(378)
Net cash generated by operating activities	604	970
Cash flows from investing activities		
Payments into time deposits	(30)	(50)
Proceeds from withdrawal of time deposits	37	600
Purchase of property, plant and equipment	(180)	(450)
Purchase of intangible assets	(49)	(23)
Others	36	19
Net cash generated by investing activities	(186)	95
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	(273)	(362)
Outflow from repayment of long-term debts	(213)	(210)
Others	(35)	(52)
Net cash used for financing activities	(522)	(624)
Effect of exchange rate changes on cash and cash equivalents	(88)	(363)
Increase/(decrease) in cash and cash equivalents	(192)	77
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	6,109	6,072

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, 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

II. Current 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

3. Additional information

(1) Geographic segmentation

Previous 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

Current 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

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, 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%

Current 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%

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