

## **[Qualitative Information]**

### **1. Consolidated financial results**

For the period covering the first three months, future uncertainty continued in the world economy amid the spread of the financial crisis which started in the latter half of the previous year.

In this period the Group established a profit improvement project team in order to tackle cost reduction issues as a main subject. Although we were able to make certain improvements in cost reduction efforts, the Group reported an operating loss for this period in all segments due to the effects of a stronger Japanese yen compared to the corresponding period of the previous fiscal year and a continued decline in consumer demand since last year end.

### **[Operational results by segment]**

#### **Home use sewing machines:**

Sales were 350 thousand units (down 80 thousand units compared to the corresponding period of the previous fiscal year), net sales were 6.135 billion yen (down 24.8% compared to the corresponding period of the previous fiscal year) with an operating loss of 81 million yen.

#### **Industrial equipment:**

Net sales were 582 million yen (down 54.9% compared to the corresponding period of the previous fiscal year) with an operating loss of 115 million yen, due to the effects of a continued production adjustment and facility investment gearing-down by B to B customers since the latter half of the previous fiscal year.

#### **EDP and other services:**

Net sales were 953 million yen (down 7.1% compared to the corresponding period of the previous fiscal year) with an operating loss of 16 million yen.

#### **24-Hour Clean Bath systems:**

Net sales were 392 million yen (down 7.8% compared to the corresponding period of the previous fiscal year) with an operating loss of 7 million yen.

Reflecting these, Janome Group net sales totaled 8.063 billion yen (down 26.1% compared to the corresponding period of the previous fiscal year), the operating loss was 220 million yen with an ordinary loss of 260 million yen for a net loss of 265 million yen for this period.

### **[Geographic information]**

#### **Japan:**

Net sales including exports were 5.609 billion yen (down 25.7% compared to the corresponding period of the previous fiscal year) with an operating loss of 267 million yen.

#### **North America:**

Net sales were 1.113 billion yen (down 29.3% compared to the corresponding period of the previous fiscal year) with an operating loss of 15 million yen.

**South East Asia:**

Net sales were 113 million yen (down 43% compared to the corresponding period of the previous fiscal year) and operating income rose 65 million yen (up 102 million yen compared to the corresponding period of the previous fiscal year), due to the effects of production cost reduction efforts.

**Other regions (Oceania and Europe):**

Despite the sewing machine business in Oceania and Europe proceeding favorably, net sales decreased to 1.226 billion yen (down 22.1% compared to the corresponding period of the previous fiscal year) due to a significant appreciation of the Japanese yen (offset nearly 20% in yen conversion), with operating income of 41 million yen (down 2 million yen compared to the corresponding period of the previous fiscal year).

**2. Consolidated financial position**

Total assets as of 30<sup>th</sup> June 2009 were 50.656 billion yen (up 340 million yen from the previous fiscal year ended 31<sup>st</sup> March 2009).

Current assets decreased to 18.782 billion yen (down 331 million yen from the previous fiscal year ended 31<sup>st</sup> March 2009) due to a decrease in accounts and notes receivable. Fixed assets were 31.874 billion yen (down 9 million yen from the previous fiscal year ended 31<sup>st</sup> March 2009) due to a decrease in depreciation of tangible fixed assets and an increase in market value of investment securities held by the Company.

Current liabilities decreased to 18.325 billion yen (down 310 million yen from the previous fiscal year ended 31<sup>st</sup> March 2009) mainly due to a decrease in short-term borrowings, and fixed liabilities were 19.626 billion yen (up 5 million yen from the previous fiscal year ended 31<sup>st</sup> March 2009).

**[Overview of cash flow position]**

Cash and cash equivalents on a consolidated basis as of 30<sup>th</sup> June 2009 increased by 209 million yen from the previous fiscal year ended 31<sup>st</sup> March 2009, totaling 5.076 billion yen.

Net cash generated by operating activities was 995 million yen (up 878 million yen from a year earlier). This was mainly due to a decrease in inventory assets.

Net cash generated by investing activities was negative 161 million yen (up 555 million yen from a year earlier). This was mainly due to a decrease in the purchase of tangible fixed assets.

Net cash used for financing activities was 609 million yen (down 1.408 billion yen from a year earlier). This was mainly due to a decrease in short-term borrowings.

**3. Forecast of consolidated results for fiscal year ending 31<sup>st</sup> March 2010**

There is no revision to the earnings forecast, both first half (1<sup>st</sup> April 2009 through 30<sup>th</sup> September 2009) and full year (1<sup>st</sup> April 2009 through 31<sup>st</sup> March 2010) announced by the Company on 15<sup>th</sup> May 2009 with the financial results for the fiscal year ended 31<sup>st</sup> March 2009.

#### **4. Others**

Changes in significant subsidiaries during this period (changes in specified subsidiaries resulting in changes in scope of consolidation)

None.

Adoption of simplified accounting methods as well as specifically applied accounting methods for quarterly consolidated financial statements

Simplified accounting methods are applied in the calculation of certain income tax expenses, depreciation of fixed assets as well as allowances.

Changes of accounting method such as principles, procedures and presentations, relating to preparation of quarterly consolidated financial statements

None.

Significant events regarding going concern assumptions

With respect to the Company's borrowings, the record of a loss in ordinary account and a decrease in net assets in the previous fiscal year ended 31<sup>st</sup> March 2009 resulted in a breach of the financial covenant clause in existing loan agreements. However, the Company obtained understanding from the main lending financial institutions for continued support as previously without requiring a termination of lending term benefits so that no cash flow problems have been incurred.