



## FY2007 First Quarter Consolidated Financial Results

(1 April 2006 through 30 June 2006)

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)  
English translation from the original Japanese language document

26 July 2006

Company name : JANOME SEWING MACHINE CO., LTD.  
 Securities code : 6445  
 (URL <http://www.janome.co.jp>)  
 Stock exchange on which the shares are listed : Tokyo, Japan (First Section)  
 Representative : Name : Sumikazu Kato  
 Title : President  
 Contact person Name : Kengo Seki  
 Title : Accounting Director  
 Phone : +81 3 3277 2111

### 1. Basic preparation for quarterly consolidated financial statements

- (1) Adoption of simplified accounting methods : Yes  
 (Income tax expenses are calculated by applying the estimated annual effective tax rate method)  
 (2) Change of accounting method since the most recent consolidated fiscal year : No  
 (3) Change in scope of consolidation and affiliates using the applied equity method  
 from preceding year : No

### 2. Fiscal 2007 First Quarter (from 1 April 2006 to 30 June 2006)

#### (1) Consolidated financial results (Amounts less than one million yen are rounded down.)

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
FY2007 1Q	11,297	9.9	456	41.4	314	34.6
FY2006 1Q	10,284	(8.5)	322	(62.5)	233	(66.8)
(Ref.) Fiscal 2006	49,376		3,034		2,575	

	Net Income		Net Income per Share - basic	Net Income per Share - diluted
	Million yen	%	yen	yen
FY2007 1Q	125	945.2	0 .65	0 .64
FY2006 1Q	12	(89.5)	0 .08	0 .07
(Ref.) Fiscal 2006	2,384		14 .15	13 .86

Note: Regarding net sales, operating income, ordinary income and net income, the figures in % show percentage of change from the previous fiscal year.

#### [Summary] Consolidated financial results

During the first quarter, sales of sewing machines overseas, mainly in Europe, proceeded favorably, as did industrial equipment business in both domestic and overseas markets, mainly due to sales increases of the robot series. As a result, both net sales and income increased this period over the first quarter of the previous fiscal year.

The Janome Group posted net sales this quarter of 11,297 million yen (up 9.9% compared to the corresponding period of the previous fiscal year), with operating income of 456 million yen (up 41.4% compared to the corresponding period of the previous fiscal year), ordinary income of 314 million yen (up 34.6% compared to the corresponding period of the previous fiscal year) and net income of 125 million yen (up 945.2% compared to the corresponding period of the previous fiscal year).

(2) Consolidated financial position

	Total Assets		Total Net Assets		Net Assets per Share
	Million yen	Million yen	%	yen	
FY2007 1Q	59,054	21,759	35.9	111 .48	
FY2006 1Q	61,750	11,457	18.6	75 .17	
(Ref.) Fiscal 2006	60,106	19,731	32.8	104 .68	

[ Consolidated cash flow position ]

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents, at End of Period
	Million yen	Million yen	Million yen	Million yen
FY2007 1Q	1,059	(180)	(1,824)	5,009
FY2006 1Q	375	566	1,085	5,173
(Ref.) Fiscal 2006	3,509	3,368	(4,050)	5,947

[Summary] Consolidated financial positions

Total assets as of 30 June 2006 were 59,054 million yen (down 2,695 million yen compared to the corresponding period of the previous fiscal year). This is mainly due to a decrease of 14,303 million yen in the amount of borrowings and total bonds.

Concerning both the allowance against the negotiated settlement of 30 billion yen and the relevant allowance for doubtful accounts of 30 billion yen posted in the first quarter period of the previous fiscal year under investments and other assets, we have reached an arbitrated judicial settlement in the lawsuit. Consequently, both allowances were written off in the previous Fiscal 2006 ended 31 March 2006.

Regarding cash flow positions, net cash generated by operating activities was 1,059 million yen, net cash used for investing activities was 180 million yen, and net cash used for financing activities was 1,824 million yen. Reflecting these, cash and cash equivalents at the end of the first quarter amounted to 5,009 million yen, down 938 million yen from the previous Fiscal 2006 ended 31 March 2006 on a consolidated basis.

There were no other changes which significantly affected the financial position.

(Ref. 1) Non-consolidated financial results (from 1 April 2006 to 30 June 2006)

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
FY2007 1Q	8,740	7.0	193	(3.3)	927	(24.4)
FY2006 1Q	8,171	(6.6)	200	(50.1)	1,227	(21.5)
(Ref.) Fiscal 2006	38,204		1,662		2,285	

	Net Income		Net Income per Share - basic
	Million yen	%	yen
FY2007 1Q	501	(49.2)	2 .59
FY2006 1Q	987	(0.1)	6 .48
(Ref.) Fiscal 2006	2,477		14 .70

Note: Regarding net sales, operating income, ordinary income and net income, the figures in % show percentage of change from the corresponding period of the preceding year.

[Summary] Forecast for Fiscal 2007

The financial results for the first quarter were generally in line with the budget and there is no revision to the earnings forecast. The forecast for Fiscal 2007 announced with the financial results for Fiscal 2006 on 9 May 2006 is as follows:

(Ref. 2) Forecast for Fiscal 2007 consolidated business (from 1 April 2006 to 31 March 2007)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim (FY2007 1H)	23,000	1,000	200
Fiscal 2007	50,000	2,800	1,200

(Ref.) Forecast of net income per share (FY2007): 6.15 yen

(Ref.3) Forecast for Fiscal 2007 non-consolidated business (from 1 April 2006 to 31 March 2007)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim (FY2007 1H)	18,000	1,300	600
Fiscal 2007	38,500	2,400	1,200

(Ref.) Forecast of net income per share (FY2007): 6.15 yen

## (Condensed) FY2007 Q1 Consolidated Balance Sheets

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

As of 30 June 2006 and 2005 (Ref. as of 31 March 2006)

	Million yen			
ACCOUNT	30 June 2006	30 June 2005	Increase (Decrease)	31 March 2006
[ ASSETS ]				
Current assets				
Cash on hand and in banks	5,615	5,219	395	6,601
Accounts and notes receivable	8,303	7,567	735	8,875
Marketable securities	1,454	300	1,153	1,531
Inventories	7,384	7,899	(515)	7,105
Other current assets	2,617	1,760	856	2,063
Allowance for doubtful accounts	(204)	(216)	11	(213)
Total current assets	25,170	22,531	2,638	25,962
Fixed assets				
Tangible fixed assets				
Buildings and structures	4,463	4,607	(143)	4,527
Land	16,390	16,368	21	16,388
Other tangible fixed assets	2,357	2,629	(272)	2,425
Total tangible fixed assets	23,210	23,605	(394)	23,340
Intangible fixed assets	621	598	22	587
Investments and other assets				
Investment securities	3,749	7,050	(3,301)	4,014
Allowance against negotiated settlement	--	30,000	(30,000)	--
Deferred tax assets	5,170	6,746	(1,576)	5,083
Other investments and assets	1,189	1,340	(151)	1,173
Allowance for doubtful accounts	(57)	(30,123)	30,066	(57)
Total investments and other assets	10,052	15,013	(4,961)	10,215
Total fixed assets	33,884	39,218	(5,334)	34,143
<b>TOTAL ASSETS</b>	<b>59,054</b>	<b>61,750</b>	<b>(2,695)</b>	<b>60,106</b>

				Million yen
ACCOUNT	30 June 2006	30 June 2005	Increase (Decrease)	31 March 2006
[ LIABILITIES ]				
Current liabilities				
Notes and accounts payable	4,130	3,804	326	3,803
Short-term borrowings	11,472	13,532	(2,060)	12,590
Short-term bonds	1,250	--	1,250	1,250
Income taxes payable	255	154	100	399
Allowance for employees' bonuses	1,064	889	175	590
Other current liabilities	2,324	2,641	(317)	2,221
Total current liabilities	20,498	21,023	(525)	20,856
Fixed liabilities				
Bonds and notes	3,225	5,500	(2,275)	4,850
Long-term borrowings	2,904	14,123	(11,218)	3,467
Deferred tax liabilities for revaluation	5,137	3,862	1,274	5,137
Liability for retirement payments	4,767	4,457	310	4,719
Other fixed liabilities	762	812	(50)	736
Total fixed liabilities	16,797	28,755	(11,958)	18,910
<b>TOTAL LIABILITIES</b>				
	37,295	49,779	(12,483)	39,767
[ MINORITY INTEREST ]				
Minority interest share	--	512	--	607
[ SHAREHOLDERS' EQUITY ]				
Common stock	--	7,623	--	10,622
Capital surplus	--	0	--	3,000
Retained earnings	--	(480)	--	1,892
Difference from revaluation of land	--	5,630	--	4,355
Difference from revaluation of investment securities	--	(211)	--	657
Foreign currency translation adjustments	--	(1,100)	--	(792)
Treasury stock, at cost	--	(3)	--	(4)
<b>TOTAL SHAREHOLDERS' EQUITY</b>				
	--	11,457	--	19,731
<b>TOTAL OF LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
	--	61,750	--	60,106
[ NET ASSETS ]				
Shareholders' equity				
Common stock	11,372	--	--	--
Capital surplus	823	--	--	--
Retained earnings	4,944	--	--	--
Treasury stock, at cost	(4)	--	--	--
Total shareholders' equity	17,136	--	--	--
Difference from revaluation and translation adjustments				
Difference from revaluation of investment securities	499	--	--	--
Difference from revaluation of land	4,355	--	--	--
Foreign currency translation adjustments	(811)	--	--	--
Total difference	4,044	--	--	--
Minority interest share				
	578	--	--	--
<b>TOTAL NET ASSETS</b>				
	21,759	--	--	--
<b>TOTAL OF LIABILITIES AND NET ASSETS</b>				
	59,054	--	--	--

Note: Amounts less than one million yen are rounded down.

## (Condensed) FY2007 Q1 Consolidated Statements of Income

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

Periods of 1 April - 30 June, 2006 and 2005

ACCOUNT	Million yen		
	1 Apr - 30 Jun 2006	1 Apr - 30 Jun 2005	Increase (Decrease)
Net sales	11,297	10,284	1,012
Cost of sales	5,728	4,929	799
Gross profit	5,569	5,355	213
Selling, general and administrative expenses	5,112	5,032	79
Operating income	456	322	133
Other income			
Interest income	14	10	3
Dividend income	31	21	9
Miscellaneous	63	87	(24)
Total other income	108	119	(11)
Other expenses			
Interest expense	101	160	(58)
Miscellaneous	149	48	100
Total other expenses	250	208	41
Ordinary income	314	233	80
Extraordinary profit			
Gain on sales of fixed assets	2	1	1
Extraordinary loss			
Impairment loss	--	185	(185)
Other extraordinary loss	10	18	(7)
Total extraordinary loss	10	203	(192)
Income before income taxes and minority interest	306	31	275
Income tax expenses	177	12	165
Minority interest	3	7	(3)
Net income	125	12	113

Note: Amounts less than one million yen are rounded down.

### Average of exchange rate for the period

Currency	1 Apr - 30 Jun 2006	1 Apr - 30 Jun 2005	Increase (Decrease)
1 US\$ =	¥114.49	¥107.68	¥6.81

## (Condensed) FY2007 Q1 Consolidated Statements of Shareholders' Equity

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

Fiscal 2007 First Quarter (from 1 April 2006 to 30 June 2006)

Million yen

	Shareholders' Equity					Difference from Revaluation and Translation Adjustments	Minority Interest Share	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total			
Balances at 31 Mar 2006	10,622	3,000	1,892	(4)	15,510	4,221	607	20,339
Increase/Decrease								
Issuance of common stock	749	749			1,499			1,499
Net income			125		125			125
Purchase of treasury stock				(0)	(0)			(0)
Transfer of capital reserve to retained earnings		(2,926)	2,926		--			--
Increase/Decrease of other than shareholders' equity					--	(177)	(28)	(205)
Total increase/decrease	749	(2,176)	3,052	(0)	1,625	(177)	(28)	1,420
Balances at 30 Jun 2006	11,372	823	4,944	(4)	17,136	4,044	578	21,759

### Breakdown of Difference from Revaluation and Translation Adjustments

	Revaluation of Investment Securities	Revaluation of Land	Foreign Currency Translation Adjustments	Total Difference
Balances at 31 Mar 2006	657	4,355	(792)	4,221
Total increase/decrease	(158)	--	(18)	(177)
Balances at 30 Jun 2006	499	4,355	(811)	4,044

## (Condensed) FY2007 Q1 Consolidated Statements of Cash Flows

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

Periods of 1 April - 30 June, 2006 and 2005

Account	Million yen	
	1 Apr - 30 Jun 2006	1 Apr - 30 Jun 2005
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income taxes and minority interest	306	31
Depreciations	272	255
Increase/decrease of allowance for doubtful accounts	(7)	4
Increase/decrease of employees' retirement benefits	52	51
Interest and dividend income	(45)	(32)
Interest payment	101	160
Increase/decrease of accounts receivable	519	637
Increase/decrease of inventories	(275)	(451)
Increase/decrease of accounts payable	371	(170)
Others	32	222
Sub total	1,328	708
Interest and dividend received	45	32
Interest paid	(90)	(160)
Income taxes paid	(223)	(204)
Net cash generated by operating activities	1,059	375
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of marketable securities	--	909
Expenditures for purchase of tangible fixed assets	(141)	(334)
Others	(39)	(8)
Net cash generated by investing activities	(180)	566
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase/decrease of short-term borrowings	(1,038)	(481)
Expenditure for repayment of long-term debt	(578)	(931)
Proceeds from issuance of bonds	--	2,500
Redemption of bonds	(125)	--
Expenditure for minority shareholders' dividends	(63)	(1)
Others	(19)	(0)
Net cash used for financing activities	(1,824)	1,085
IV. Effect of exchange rate changes on cash and cash equivalents	7	(34)
V. Increase/decrease in cash and cash equivalents	(938)	1,993
VI. Cash and cash equivalents, at beginning of period	5,947	3,179
VII. Cash and cash equivalents, at end of period	5,009	5,173

Note: Amounts less than one million yen are rounded down.

## FY2007 Q1 Consolidated Segment Information

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

### (1) Operating results by segment

Fiscal 2007 First Quarter (from 1 April 2006 to 30 June 2006)

Million yen

	Home use sewing machines	Industrial equipment	24-Hour Clean Bath systems	All other	Total	Intersegment elimination or corporate	Consolidated
Net sales and operating income							
Net sales :							
(1) Net sales to external customers	8,170	1,261	617	1,248	11,297	--	11,297
(2) Intersegment sales and/or transfers	17	256	12	240	526	(526)	--
Total	8,187	1,518	629	1,488	11,823	(526)	11,297
Operating expenses	7,805	1,432	637	1,496	11,371	(530)	10,840
Operating income	382	85	(7)	(7)	452	4	456

Fiscal 2006 First Quarter (from 1 April 2005 to 30 June 2005)

Million yen

	Home use sewing machines	Industrial equipment	24-Hour Clean Bath systems	All other	Total	Intersegment elimination or corporate	Consolidated
Net sales and operating income							
Net sales :							
(1) Net sales to external customers	7,422	847	726	1,188	10,284	--	10,284
(2) Intersegment sales and/or transfers	4	212	11	252	481	(481)	--
Total	7,427	1,160	737	1,441	10,766	(481)	10,284
Operating expenses	7,071	1,111	731	1,509	10,424	(462)	9,961
Operating income	355	48	6	(68)	342	(19)	322

(Note)

Major products in each business segment are as follows:

- (1) Home use sewing machines . . . . . Home use sewing machines and sewing-related products
- (2) Industrial equipment . . . . . Industrial robots, electro-press machines, die-cast products, prastic precision parts
- (3) 24-Hour Clean Bath systems . . . . . 24-H Clean Bath, alkaline water ionizer, bathroom dryer
- (4) All other . . . . . EDP, real estate, after-sales/maintenance services, restaurant operation.

## (2) Geographic information

Fiscal 2007 First Quarter (from 1 April 2006 to 30 June 2006)

Million yen

	Japan	North America	South/East Asia	Other regions	Total	Intersegment elimination	Consolidated
Net sales and operating income							
Net sales :							
(1) Net sales to external customers	8,236	1,793	209	1,057	11,297	--	11,297
(2) Intersegment sales and/or transfers	2,005	--	3,967	--	5,973	(5,973)	--
Total	10,241	1,793	4,177	1,057	17,270	(5,973)	11,297
Operating expenses	10,036	1,813	4,159	1,007	17,017	(6,176)	10,840
Operating income	205	(19)	17	50	253	203	456

Fiscal 2006 First Quarter (from 1 April 2005 to 30 June 2005)

Million yen

	Japan	North America	South/East Asia	Other regions	Total	Intersegment elimination	Consolidated
Net sales and operating income							
Net sales :							
(1) Net sales to external customers	7,387	1,651	165	1,079	10,284	--	10,284
(2) Intersegment sales and/or transfers	2,170	--	3,820	2	5,993	(5,993)	--
Total	9,558	1,651	3,986	1,081	16,278	(5,993)	10,284
Operating expenses	9,445	1,642	3,924	993	16,005	(6,043)	9,961
Operating income	112	9	62	88	272	50	322

(Notes)

1. Countries and/or regional analyses are presented, based on geographic contiguity.

2. Major countries and/or regions are as follows:

- (1) North America . . . . . U.S.A., Canada  
 (2) South/East Asia . . . . . R.O.C. (Taiwan), Thailand  
 (3) Other regions . . . . . U.K., Netherlands, Australia, New Zealand, Chile

## (3) Overseas sales by region

Fiscal 2007 First Quarter (from 1 April 2006 to 30 June 2006)

Million yen

	North America	Europe	Other regions	Total
I. Overseas sales	1,979	2,424	1,563	5,968
II. Consolidated sales				11,297
III. Ratio of overseas sales to consolidated sales	17.5%	21.5%	13.8%	52.8%

Fiscal 2006 First Quarter (from 1 April 2005 to 30 June 2005)

Million yen

	North	Europe	Other regions	Total
I. Overseas sales	1,902	1,671	1,358	4,932
II. Consolidated sales				10,284
III. Ratio of overseas sales to consolidated sales	18.5%	16.3%	13.2%	48.0%

(Notes)

1. Countries and/or regional analyses are presented, based on geographic contiguity.

2. Major countries and/or regions are as follows:

- (1) North America . . . . . U.S.A., Canada  
 (2) Europe . . . . . U.K., Netherlands, Germany  
 (3) Other regions . . . . . South/East Asia, Oceania, Middle/Near East, Africa, Central/South America

3. Overseas sales are presented, excluding consolidated sales in domestic Japan.