

Financial Summary

Fiscal year ended 31st March, 2007

Tokyo, 17th May 2007

1. Financial results

(1) Overview of financial results

* Financial results for fiscal year ended 31st March, 2007

During this period, prices in raw materials, (mainly metal) which directly affect production costs of Janome Group's products, set all-time highs, while the pace of price increases in crude oil slowed down. In Japan, industry conditions have been tough, and for Janome Group, negative forces such as a changing of its business environment with regard to sales activities have been present.

Janome Group countered by streamlining administrative operations group-wide, including cost reduction efforts through aggressive market cultivation and productivity improvement. Concurrently, Janome Group has strengthened and solidified its management foundation by transacting M&A in both domestic and overseas businesses, and is looking forward to growth in future.

Reflecting these, the Janome Group posted net sales of 48.729 billion yen. Ordinary income was 1.871 billion yen and net income was 461 million yen. With a decrease in interest-bearing debts to improve and strengthen our financial position, Janome Group is prepared to resume dividend payments to our shareholders in sixteen years.

Several consolidated subsidiaries of the Janome Group have fiscal terms ending on 31st December. To promote efficient consolidated business operations of Janome Group, as well as improve the quality of financial information in order to make feasible more precise disclosures of Janome Group's management performance, these consolidated subsidiaries shall change their respective fiscal year ends from 31st December to 31st March in line with Janome Sewing Machine Co., Ltd., their parent company (annual fiscal year term shall start 1st April to end 31st March of the following year).

Accordingly, the consolidated financial results include adjustments for the three-month transition period from 1st January through 31st March 2007 of these affected subsidiaries.

Summary of business results by segment is as follows.

< Home use sewing machines >

Around the world, increasingly fierce price competition was seen, mainly in the lower-end market.

Janome Group developed new products to fulfill the needs of customers including a home use multi-needle embroidery machine that is capable to producing large and high quality embroidered pieces, improved enrichment of sewing-related products and accessories, as well as endeavoring to promote aggressive sales activities including new market cultivation and

strong sales promotional support for Janome dealers.

Overseas, though Janome Group struggled with slow sales at mass-merchants in North America, a new market cultivation proceeded favorably, primarily in the Central and South Americas and in the Middle East. As a result, sales in the overseas markets reached 1.55 million units (up 80,000 units over the previous fiscal year) for 26.984 billion yen (up 880 million yen over the previous fiscal year).

In Japan, Janome Group endeavored to encourage demand for sewing machines through development of newly conceived sewing schools, in order to compensate the increasingly difficult business environment surrounding the door-to-door sales market. Also affected by a lowering of retail prices, net sales in the domestic market were 9.464 billion yen (down 1.217 billion yen from the previous fiscal year).

Overall, Janome Group's global sales in sewing machines totaled 36.448 billion yen (down 337 million yen from the previous fiscal year).

< Industrial equipment >

Sales of the main products including Desktop, Scara robots and Electro Press proceeded favorably, backed by an ever-active capital investment in facilities in automobiles, and an increase in demand for our quality products that meet with WEEE and RoHS Directives in EU member countries, where merchandise should be in compliance with environmental regulations (Restriction of hazardous substances). At the same time, Janome Group engaged in sales expansion of other industrial goods such as die-cast products, vacuum deflating devices and plastic moldings on a small order lot basis. As a result, net sales in industrial equipment business totaled 4.685 billion yen (up 245 million yen over the previous fiscal year).

< 24-Hour Clean Bath systems and Water Ionizers >

As for 24-Hour Clean Bath systems, although slow sales continue, Janome Group has broken new ground by stimulating customer interest and has made great efforts gaining repeat orders, through its participation in various exhibitions and the development of new sales channels.

Regarding Water Ionizers, Janome Group strived to expand its sales by developing promotional campaigns designed to stimulate customer demand, mainly through Janome outlets nationwide.

Net sales of 24-Hour Clean Bath systems plus Water Ionizers totaled 2.47 billion yen, down 635 million yen compared to the previous fiscal year.

< EDP and other services >

Net sales from EDP and other services such as IT software/electronic data processing services and installation/maintenance of 24-Hour Clean Bath systems plus those from real estate totaled 5.125 billion yen (up 81 million yen compared to the previous fiscal year).

* Outlook for the next fiscal year (1st April 2007 through 31st March 2008)

Concerning the sewing machine business, it is expected that severe business conditions will continue due to high prices for raw materials and fierce price wars in the lower-end market. In response, the Janome Group will continue to improve by addressing customer satisfaction issues through the provision of valuable and high quality products and services in order to expand sales in the sewing machine market.

Concerning the industrial equipment business, with an increase of capital investment in facilities backed up by an improvement of operating earnings in the industry, Janome Group's global sales and infrastructure of its technical service base will strengthen so as to attain a higher rate of growth.

For the next fiscal year on a consolidated basis, it is estimated that net sales will reach 50 billion yen (up 2.6% compared with the previous fiscal year), with an operating income of 2.8 billion yen (up 41.1% compared with the previous fiscal year), an ordinary income of 2.4 billion yen (up 28.3% compared with the previous fiscal year) and a net income of 1 billion yen.

(2) Overview of financial position

* Assets, liabilities and net assets

Total assets on a consolidated basis as of 31st March, 2007 were 59.553 billion yen (down 552 million yen from a year earlier).

Total liabilities decreased to 37.179 billion yen (down 2.587 billion yen from a year earlier), due to a decrease of 3.394 billion yen in interest-bearing debts from a year earlier.

Total net assets (including minority interest share) increased to 22.373 billion yen (up 2.035 billion yen from a year earlier).

* Overview of cash flow position

Cash and cash equivalents on a consolidated basis at 31st March, 2007 decreased by 2.88 billion yen, and amounted to 3.067 billion yen.

Net cash generated by operating activities was 1.617 billion yen (down 1.891 billion yen compared to the previous fiscal year). This is mainly attributable to the decrease in net income before income taxes and minority interest, and the increase in account receivable.

Net cash generated by investing activities was negative 2.11 billion yen (down 5.479 billion yen compared to the previous fiscal year). This is mainly due to the expenditures for capital investment and acquisition of subsidiary's shares.

Net cash used for financing activities was negative 2.417 billion yen (up 1.632 billion yen compared to the previous fiscal year). This is mainly due to the decrease in borrowings and debts.

Trends in cash flow indices of the Janome Group are as follows:

	as of 31 March 2004	as of 31 March 2005	as of 31 March 2006	as of 31 March 2007
Shareholders equity ratio	23.7 %	19.2 %	32.8 %	36.4 %
Equity ratio based on market value	32.2 %	38.5 %	90.3 %	55.7 %
Debt redemption years	9.6 years	12.2 years	5.9 years	11.6 years
Interest coverage ratio	4.2 times	3.6 times	5.9 times	3.9 times

(Note) Formulae:

Shareholders equity ratio:	Shareholders equity / total assets
Equity ratio based on market value:	Market value of shareholders equity / total assets
Debt redemption years:	Total interest-bearing debts / net cash generated by operating activities
Interest coverage ratio:	Net cash generated by operating activities / interest payment

- All ratios are calculated, based on the consolidated financial statements.
- Market value of shareholders equity is calculated at closing stock value at the end of fiscal year x number of shares issued and outstanding at the end of fiscal year.
- Operating cash flow is the amount of net cash generated by operating activities stated on the consolidated statements of cash flows. Interest-bearing debts are all that the interest should be paid for, stated on the consolidated balance sheets. Interest paid is the amount stated on the consolidated statements of cash flows.

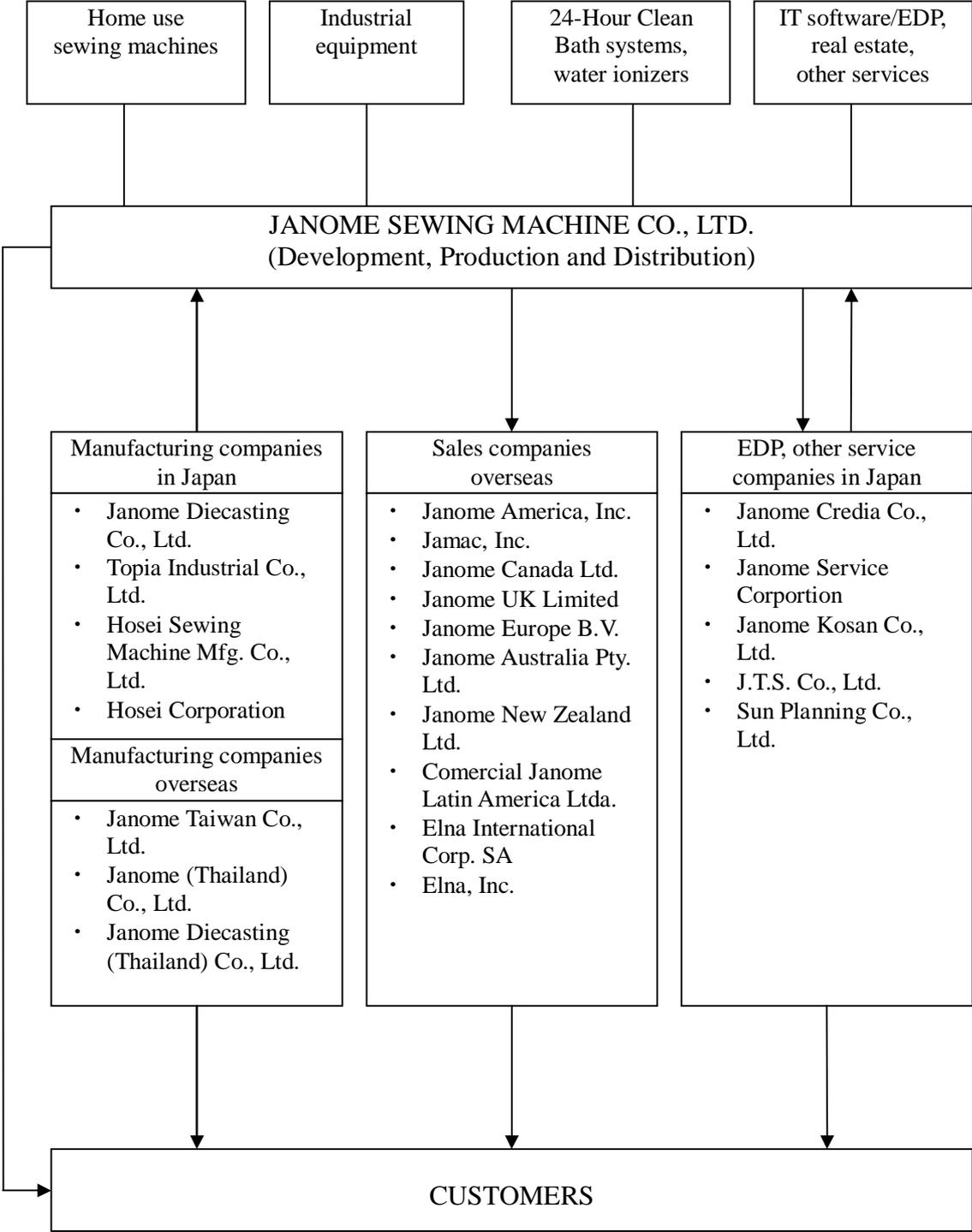
(3) Basic policy on the distribution of profits and payment of dividends for fiscal year ended 31st March, 2007, and for the next fiscal year ending 31st March, 2008

Janome Group is prepared to resume dividend payment to our shareholders in sixteen years. With respect to the payment of dividends in the future, Janome Group has an intention to distribute profits consistently, while giving comprehensive consideration to factors such as business results of each fiscal term, payout ratio of dividends and internal funds to be reserved for future business development plans.

As for year-end dividends for the fiscal year ended 31st March, 2007, Janome Group plans to pay 2 yen per share. Furthermore, for cash dividends on an annual basis for the next fiscal year ending 31st March, 2008, 2 yen per share is expected.

2. Overview of transactions of consolidated subsidiaries

← Flow of products/services



3. Management policy

(1) Janome basic management policy

By engaging in activities that help to generate high quality products and services, Janome Group will continue to enhance positively the social and cultural life of people. A fair and streamlined management system will be implemented whilst keeping in mind the maintaining of a healthy and friendly relationship with each of its stakeholders in compliance with rules and regulations.

In April 2006, Janome Group established a two year business plan, “JUMP-2”, in order to realize recommencement of dividend repayment to its shareholders and also seek further growth, and Janome Group has been implementing it as laid-out below.

* Pursue further growth by making aggressive investments to build a highly profitable structure under the motto of “Renewal and Growth”.

* Increase satisfaction of stakeholders including customers, shareholders and employees.

* Further expansion of three core businesses

- Home use sewing machines: Offer enjoyment through sewing machine use and provide high value-added products.
- Industrial equipment: Promote global market development.
- 24-Hour Clean Bath systems and Water Ionizer: Expand market through encouragement of customer demands.

(2) Issues to be addressed

Janome Group will execute the following measures in each business segment.

< Home use sewing machines >

* Expand sales of high value-added products.

- Expand sewing-related product lines including embroidery software and designs, centering the operation in the newly established Sewing Laboratory Division.
- Set up regular training and seminar programs, and organize a system of sideline sales support.
- Enhance JANOME brand recognition and offer price-worthy home sewing machines to customers through sophisticated promotional activities as well as active participation in exhibitions.

* In overseas markets, reorganize and enlarge sales bases to fortify community-rooted sales and customer service infrastructure. In particular, utilize the newly acquired ELNA brand awareness optimally and further expand our sales in the sewing machine market.

* In the domestic market (within Japan), review the network of sales bases including business partners, and restructure the operation from viewpoints of market size, local characteristics and efficiency to reinforce sales and customer service infrastructure.

< Industrial equipment >

* Position industrial equipment as a second pillar business next to the home use sewing machines and expand the domain through global market development and introduction of new products, utilizing overseas sales bases.

* Provide products that meet customer needs.

* Develop collaboration and on-demand mass-customization proactively and cultivate new markets.

* Strengthen technical support infrastructure to minimize machine down-time for customers.

< 24-Hour Clean Bath systems and Water Ionizers >

Promote convenience, safety and environmental friendliness of the 24-Hour Clean Bath systems to customers in order to encourage customer demands, and gain further market expansion.