Financial Summary
Fiscal Year Ended 31st March, 2008

Tokyo, 19th May 2008

1. Financial results

(1) Overview of financial results

① Financial results for fiscal year ended 31st March, 2008

For this fiscal year through 31st March, 2008, very severe business conditions continued due to rises in crude oil and raw material costs, the slowdown in the U.S. economy triggered by the sub-prime mortgage crisis, as well as changes in the business environment surrounding door-to-door sales in Japan.

Under these circumstances, while the Janome Group proceeded to streamline administrative operations through business reorganization including the establishment of a Global Production Operations division to build a competitive global production system, the Group solidified its management fundamentals with aggressive capital investment expenditures in sales infrastructure in Japan, establishment of both domestic and overseas technical service bases, buildings and structures as well as molds and machinery.

Nevertheless, the Group was unable to avoid a decrease in profit due to an unexpected sales drop in Japan, slow Christmas season sales in the North American market, delay of transfer of raw material cost increases into retail prices, exchange losses from sharp appreciation of the Japanese yen against the U.S. dollar leading up to the fiscal year end, extraordinary losses on investment securities, increase in corporate taxes due to overseas subsidiary dividend payments and partial transfer of deferred income tax assets into an income tax adjustment.

Reflecting these, Group net sales totaled 47.421 billion yen, with ordinary income of 324 million yen for a net loss for this fiscal year of 1.207 billion yen.

Summary of operational results by segment is as follows.

・ Home use sewing machines

In Japan, with the environment surrounding door-to-door sales taking a further turn for the worse, and further downward pressures on retail prices, sales decreased to 210 thousand units (down 10 thousand units from the previous fiscal year), with revenue of 7.769 billion yen (down 1.695 billion yen from the previous fiscal year), despite best efforts to encourage demand for sewing machines through development of a new concept in sewing schools to fulfill diverse customer needs, enrichment of educational and training seminar programs for Janome dealers and participation in a variety of exhibitions.

Overseas sales increased to 1.59 million units (up 40 thousand units from the previous fiscal year), with revenue of 27.694 billion yen (up 709 million yen from the previous fiscal year), resulting from favorable sales in Europe, the Middle East, Central and South America, and Asia.

Reflecting the above, global sales for the Group in sewing machines totaled 1.8 million units (up 30 thousand units from the previous fiscal year) with revenue of 35.463 billion yen (down 985 million yen from the previous fiscal year).

・ Industrial equipment

In auto parts, telecommunication equipment and computer-related equipment industries, the Group continued efforts towards offering speedier technical service to customers and organizing seamless networks with customers to improve productivity. As a result, although sales of electro-press machines were sluggish in the Asian market, sales of desktop and Scara robotics proceeded favorably, particularly in the Japan market. Also, the Group made efforts into expanding sales of die-cast products, vacuum injection devices and small-lot casting. Altogether, net sales for industrial equipment totaled 5.477 billion yen (up 792 million yen over the previous fiscal year).

・ 24-Hour Clean Bath systems, EDP and other services

Net sales of 24-Hour Clean Bath systems, IT software/electronic data processing services, installation/maintenance of 24-Hour Clean Bath systems plus those from real estate, totaled 6.479 billion yen (down 1.115 billion yen from the previous fiscal year).

② Outlook for next fiscal year (1st April 2008 through 31st March 2009)

It is expected that severe conditions will continue because of sluggish consumer demand in the North American sewing machine market triggered by the sub-prime mortgage crisis as well as rocketing increases in the price of crude oil and gasoline, high prices for raw materials, and changes in the business environment surrounding door-to-door sales in Japan.

In response, the Group will solidify its corporate fundamentals to meet changes in the business environment, and sets forth to achieve the following goals.

⑴ Pursue management efficiency and strengthen profitability
⑵ Secure position as a top group in home use sewing machine industry
⑶ Expand industrial equipment business as the second core business next to sewing machines

For the fiscal year ending 31 March 2009, it is estimated that net sales on a consolidated basis will reach 48 billion yen (up 1.2% compared with the previous fiscal year), with operating income of 1.9 billion yen (up 44.8% compared with the previous fiscal year), ordinary income of 1.4 billion yen (up 332.1% compared with the previous fiscal year) and net income of 400 million yen.

(2) Overview of financial position

① Assets, liabilities and net assets

Total assets on a consolidated basis as of 31 March 2008 were 58.299 billion yen (down 1.253 billion yen from a year earlier).

Total liabilities increased to 39.018 billion yen (up 1.838 billion yen from a year earlier) due to an increase of 2.246 billion yen in interest-bearing debts from a year earlier.

Total net assets (including minority interest shares) decreased to 19.281 billion yen (down 3.092 billion yen from a year earlier).

② Overview of cash flow position

Although net income for this period before income taxes and minority interest was negative, net cash generated by operating activities was positive 1.445 billion yen (down 171 million yen from a year earlier) due to a decrease in accounts receivable and inventory assets.

Net cash generated by investing activities was negative 1.958 billion yen (up 152 million yen from a year earlier), due to capital investment expenditures totaling 2.689 billion yen, including expenses for renewal of Tokyo Factory Building No.2, J's Building Nagoya, Janome Die-casting Co., Ltd. Building No.1 (Janome production subsidiary), production facility and machinery expenses and molds expenses relating to new models.

Net cash used for financing activities was 1.708 billion yen (up 4.126 billion yen from a year earlier), due to an increase in long-term borrowing, while acquiring its own shares of common stock (320 million yen) and redeeming Company bonds (1.25 billion yen).

As a result, cash and cash equivalents on a consolidated basis as of 31 March 2008 increased by 1.294 billion yen from the previous fiscal year ended 31st March 2007, amounting to 4.361 billion yen.

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

	as of 31 March 2005	as of 31 March 2006	as of 31 March 2007	as of 31 March 2008
Shareholders equity ratio	19.2 %	32.8 %	36.4 %	32.1 %
Equity ratio based on market value	38.5 %	90.3 %	55.7 %	32.1 %
Interest-bearing debts to cash flow ratio	12.2 years	5.9 years	11.6 years	14.5 years
Interest coverage ratio	3.6 times	5.9 times	3.9 times	3.1 times

Formulae:

Shareholders equity ratio:	Shareholders equity / Total assets
Equity ratio based on market value:	Market value of shareholders equity / Total assets
Interest-bearing debts to cash flow ratio:	Interesting-bearing debts / Cash flow (for the past year)
Interest coverage ratio:	Cash flow / Interest paid

* 1. All ratios are calculated based on the consolidated financial statement.
* 2. Market value of shareholders equity is calculated from the closing stock price at the end of fiscal year multiplied by the number of shares issued and outstanding at the end of fiscal year.
* 3. 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 those stated on the consolidated balance sheet for which interest is paid. Interest paid is the amount stated on the consolidated statement of cash flow.

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

It is the policy of the Group to distribute profits to its shareholders, while giving comprehensive consideration to such factors 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 this fiscal year ended 31st March 2008, the Group has not been able to secure earnings for dividend distribution, and as such will regrettably suspend distribution.

(4) Risk factors to Janome Group business

The Group recognizes that major risk factors described below might affect Group financial results, stock price, as well as financial position. The Group makes every effort to manage them as well as minimize any impact from them.

① Effect of exchange rate fluctuation

Concerning Group sewing machine and industrial equipment businesses, by developing its pro-active sales in the overseas market, the ratio of overseas sales as a part of total consolidated sales indicates an upward trend, with 55.2% in 2005, 57.6% in 2006, and 60.7% for this fiscal year ended 31 March 2008. While the Group intends to hedge the exchange loss incurred by foreign currency transactions through foreign exchange forward reservation systems as well as netting settlement systems between Headquarters and subsidiary companies, because the majority of overseas sales revenue is transacted on a foreign currency basis rather than a yen basis, it is possible that Group performance could be affected by fluctuation in currency exchange rates.

② Rises in production costs

With production facilities based in Japan, Taiwan and Thailand, the Group implements efficient production in accordance with demand trends in the world market. By procuring components from a global point of view, the Group endeavors to stabilize procurements and competitively reduce production costs. As part of TPM (Total Production Movement): production innovation activity for optimizing productivity throughout the entire Group, the Company established the Global Production Operations division to manage and control overall material procurement and production procedures in domestic and overseas production companies and factories. While the Group consistently makes every effort group-wide to minimize the impact on production costs, it is possible that Group performance could be affected by rises in raw materials, such as steel, aluminum, copper and ABS resin.

③ Country risk

Throughout the numerous countries where the Group has production and sales activities, the

Group has been able to avoid being affected by regime, political, economic and regulatory changes, war and terrorism until now. However, should such events occur and make it difficult to continue business activities, it is possible that Group performance could be affected.

④ Intra-Group quality management and control

With respect to Group products, the Group has production know-how developed over many years. In addition, the Group carries out quality system assessments and quality audits on sewing machines, industrial equipment and other products produced by the Company, domestic and overseas network of associated companies and has also instituted a PL (Product Liability) committee that holds monthly meetings regarding product safety and promotes quality assurance activities through the entire group via the Quality Assurance Department. However, should a large-scale quality failure occur, it is possible that Group performance could be affected through the incurrence of recall costs and lowering of the brand image.

⑤ Compliance and internal control

The Group has established a management system for internal control under which operations will be carried out in strict compliance with related laws and regulations to uphold fair business practices and financial information reliability. However, should a situation occur where compliance with rules and regulations is unable to be achieved, it is possible that Group performance could be affected.

⑥ Market conditions

In the process of business operations, it is impossible to avoid competition with competitors within the industry. To that end, the Group is constantly striving to improve product and service quality through fully integrated development, production and sales. However, in case of a drastic change in market conditions including intensified competition, it is possible that Group performance could be affected.

⑦ Management of personal information

The Group formulated a privacy policy and personal information protection guidelines, and the Company established an inter-company management system to fulfill the obligations of the Japanese Personal Information Protection Law. However, should a case arise wherein customer information including such personal information is leaked, it is possible that not only Group trust but also Group performance could be affected.

⑧ Fluctuation of interest rate

Interest-bearing debts in the Group might be affected by an interest rate fluctuation. In order to reduce the substantial effects of the interest rate exposure, the Group manages to shift the borrowings from short-term loan to long-term loan. However, it is possible that Group performance could be affected by an increase in interest-bearing amounts due to an interest rate hike.

⑨ Impairment of fixed assets

With respect to the tangible, intangible fixed assets, investment and other assets that the Group holds, should a case arise wherein impairment loss procedures are conducted, it is possible that Group performance and financial condition could be affected.

⑩ Deferred income tax assets

The Group includes an appropriate amount of deferred income tax assets in the financial statements. However, should a forwarded loss account be not eliminated as per projections due to a decrease in estimated taxable income incurred by a performance change in future, it is possible that Group performance could be affected by a transfer of part of deferred income tax assets into income tax adjustment.

⑪ Employee retirement benefit costs and obligations

The Group calculates the amount of employee retirement benefit costs and obligations appropriately on assumptions used in the relevant actuarial calculations. However, in case of a drastic change in those assumptions, it is possible that Group performance and financial condition could be affected by an increase in the employee retirement benefit costs and obligations.

2. Description of the Janome Group

Principal operations of the Company as well as its subsidiaries are focused primarily on the home use sewing machine related businesses, followed by the industrial equipment business and the 24-Hour Clean Bath and EDP businesses.

Operations by segment are as follows:

- Home use sewing machines

The Company as well as Janome Taiwan Co., Ltd., Janome (Thailand) Co., Ltd. and other manufacturing companies develop and produce primarily home use sewing machines, as well as embroidery machines and sewing-related product lines, with sales and marketing handled by the Company as well as Janome America, Inc., Jamac, Inc., Janome UK Ltd., Janome Australia Pty. Ltd., Elna International Corp. SA and other sales companies.

- Industrial equipment

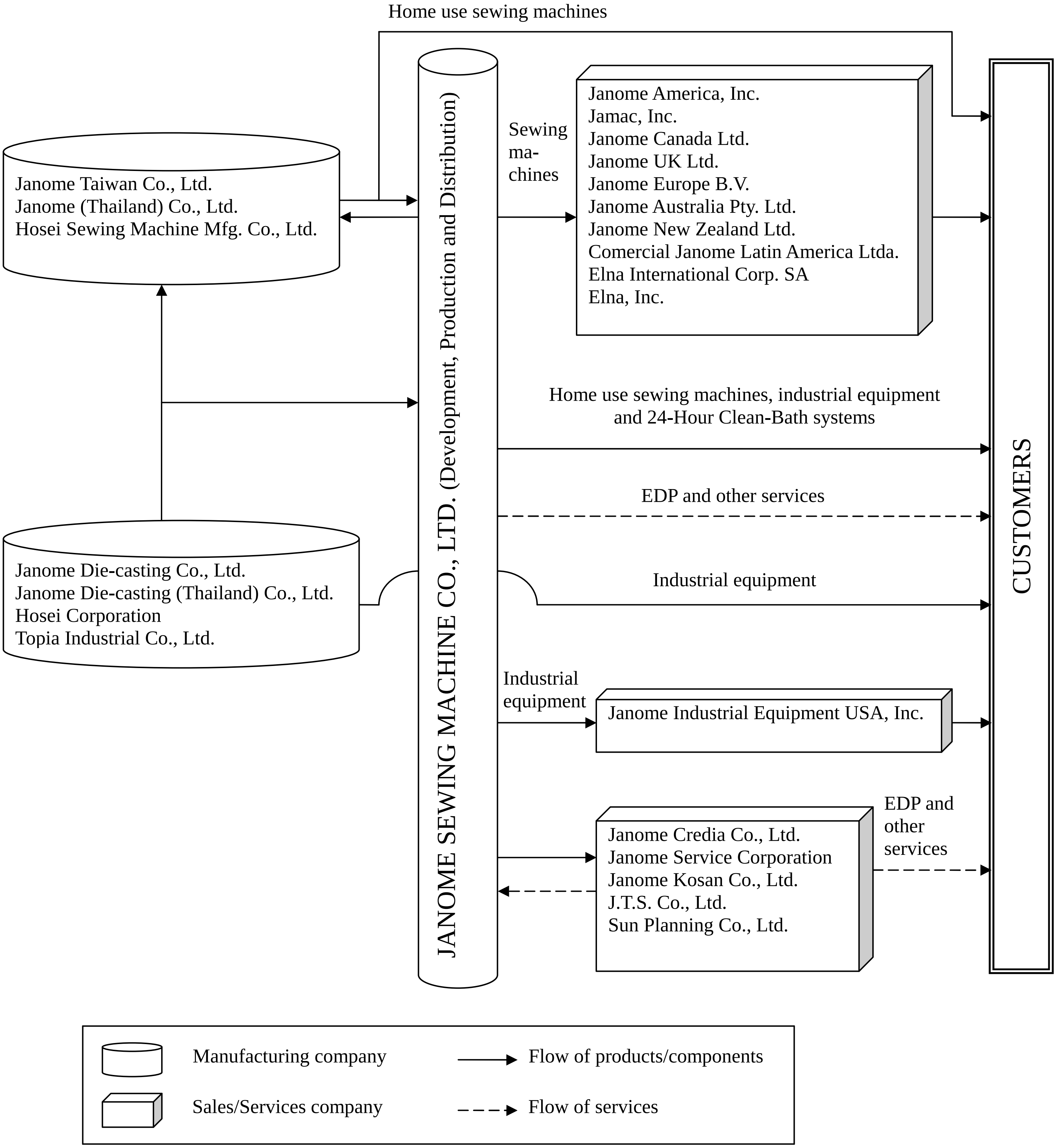
The Company develops and produces industrial equipment including desk-top robots and Electro-press machines, with sales and marketing handled by the Company and a limited number of overseas sales subsidiaries. Janome Die-casting Co., Ltd., Janome Die-casting (Thailand) Co., Ltd. and Hosei Corporation manufacture and distribute die-cast products.

- 24-Hour Clean Bath systems, EDP and other services

The Company develops, produces and distributes 24-Hour Clean Bath systems for home and business use, and also operates a real estate business. Janome Credia Co., Ltd. and J.T.S. Co., Ltd. are involved in IT software/electronic data processing services, Janome Service Corporation is involved in installation/maintenance of 24-Hour Clean Bath systems, Janome Kosan Co., Ltd. in restaurant operations, and Sun Planning Co., Ltd. in manufacture, distribution and design of different kinds of sewing patterns.

[Overview of transactions of consolidated subsidiaries]

as of 31 March 2008



3. Management policy

(1) Janome basic management policy

In order to contribute to the improvement of the social and cultural lives of people by providing consistently high quality and price-worthy products and services, the Group endeavors to implement a fair and streamlined management, while keeping a healthy and friendly relationship with each of its stakeholders in full compliance with all rules and regulations.

To achieve sustainable growth by investing in facilities appropriately from time to time, the Group reinforces production efficiency, a research/development infrastructure, as well as a sales/customer service infrastructure. At present, the Group is proceeding with a renewal of buildings and structures in accordance with current earthquake-resistant standards in order to uphold and improve safety. Furthermore, while continuing a renewal of factory facilities in order to provide products with consistent quality as well as lower production costs, the Group endeavors to increase customer satisfaction through reinforced technical support services at established technical service bases.

(2) Issues to be addressed

Janome Group expects its business environment to remain difficult because of high prices for raw materials resulting from rises in crude oil, recession concerns in the North American market triggered by the sub-prime mortgage crises, and moreover, changes in the business environment surrounding door-to-door sales in Japan.

It is under these conditions that the Group will strengthen the corporate infrastructure to flexibly meet changes in its business environment and seek optimally streamlined management through group-wide activities.

Sewing machine markets overseas show an expansion trend, particularly in emerging countries. The Group promotes proactive global sales development, aiming for the top market share in each country.

The Group makes efforts into expanding of industrial equipment operation as a second core business next to the sewing machine business, and will cultivate it into the second pillar of the Group.

In order to solidify management fundamentals for the future, the Group will address the following issues.

1. Home use sewing machines

- Place top priority on strengthening profitability, keeping and expanding the existing markets as well as proactively fortifying sales infrastructure in markets where demand is expected particularly in emerging countries.
- Pursue sales efficiency and cost reduction in order to realize profit increase.

2. Industrial equipment

- Enlarge domestic and overseas sales and technical service bases in order to promote global sales development and build a solid position in industrial equipment industry.

3. Optimization across entire Group

- Under the optimal production system throughout the entire Group, promote further production output equalization and efficiency as well as streamlining procurement of components in order to realize production cost reduction.

4. Internal systems

- Establish internal control system together with risk management system while strengthening CSR (Corporate Social Responsibility) activities in order to further improve corporate governance.