[Qualitative Information]

1. Consolidated financial results

For the period covering the first six months, the world economy continued to experience severe conditions leading to concerns of a sharp economic slowdown due to the financial crisis triggered by the economic and credit turmoil in the United States, fall in stock prices, large fluctuations in foreign exchange markets including a weaker U.S. dollar against the Japanese yen, as well as continuing high crude oil prices and raw material costs.

Under such business conditions, the home use sewing machine business saw unit sales in Japan increase to 120 thousand units (up 20 thousand units compared to the corresponding period of the previous fiscal year), and overseas unit sales to 730 thousand units (up 10 thousand units compared to the corresponding period of the previous fiscal year). Despite such increases in unit sales, revenue in the home use sewing machine business was 16.356 billion yen for this period (down 972 million yen compared to the corresponding period of the previous fiscal year) due to the negative impact of the appreciation of the Japanese yen in overseas sales and the higher ratio of lower-end models in the increased number of units being sold in emerging countries.

In response to the rises in raw material costs, the Company has tried to transfer the cost increases into retail prices. Nevertheless, sales prices have been unable to keep pace with production costs due to even further price climbs in components toward this period and the negative impact caused by the appreciation of the N.T. dollar in Taiwan where the Group's principal production factory operates.

As for industrial equipment, industrial robot and electro-press machine businesses secured sales at the same level as the corresponding period of the previous fiscal year, as a result of customer cultivation as well as the launch of the CAST series of desktop robotics. Add to this the aluminum die-cast product, vacuum injection device and small-lot casting businesses, overall net sales in industrial equipment for this period totaled 2.481 billion yen (down 218 million yen compared to the corresponding period of the previous fiscal year) due partly to decrease in orders driven by a gearing-down in facility investment in the automotive and other industries.

Net sales of EDP and other services decreased from the same period of the previous fiscal year, due to delay in software development matters also influenced by the gearing-down in facility investment, as did those of 24-Hour Clean Bath systems as well.

The Group posted extraordinary losses on investment securities of 245 million yen, due to the significant drop in the stock markets.

Reflecting these, Janome Group net sales totaled 21.752 billion yen (down 5.9% compared to the corresponding period of the previous fiscal year), operating income was 227 million yen (down 45.7% compared to the corresponding period of the previous fiscal year), with ordinary income of 166 million yen (down 45.7% compared to the corresponding period of the previous fiscal year) for a net loss of 551 million yen for this period (down from a net loss of 355 million yen for the corresponding period of the previous fiscal year).

Note that amounts and/or percentage points of the changes from the corresponding period of the preceding year are provided for reference purposes only, because accounting principles adopted for this period are different from the ones adopted in the preceding year.

2. Consolidated financial position

Total assets as of 30th September 2008 were 58.307 billion yen (up 7 million yen from the previous fiscal year ended 31st March 2008).

Current assets increased to 23.002 billion yen (up 132 million yen from the previous fiscal year ended 31st March 2008) due to an increase in inventory assets. Fixed assets decreased to 35.304 billion yen (down 124 million yen from the previous fiscal year ended 31st March 2008), due to an increase in tangible fixed assets including the renewal of Janome overseas production facilities, construction of J's Buildings in Japan as well as a decrease in investment securities because of valuation losses.

Current liabilities increased to 19.934 billion yen (up 2.319 billion yen from the previous fiscal year ended 31st March 2008), due mainly to an increase in short-term borrowings, and fixed liabilities decreased to 20.284 billion yen (down 1.118 billion yen from the previous fiscal year ended 31st March 2008) due to a decrease in long-term debts.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of 30th September 2008 decreased by 519 million yen from the previous fiscal year ended 31st March 2008 to total 3.842 billion yen.

Net cash generated by operating activities was negative 697 million yen (down 117 million yen from a year earlier). This was mainly due to an increase in inventory assets.

Net cash generated by investing activities was negative 1.119 billion yen (down 582 million yen from a year earlier). This was mainly due to the purchase of tangible fixed assets.

Net cash used for financing activities was 1.462 billion yen (down 80 million yen from a year earlier).

3. Forecast of consolidated results for fiscal year ending 31st March 2009

Note that the forecast for full year ending 31st March 2009 is amended as announced on 29th October 2008 in the notice concerning amendment to financial forecast and year-end dividend distribution.

With respect to the remainder of this fiscal period ending 31st March 2009, it is a concern that the long–term recession will last in the worldwide financial market. Under these circumstances, the Group strives towards improvement and strengthening of management and financial conditions through the implementation of the following measures.

① Focus on a thorough reduction of expenditures, which is a definite means of results, instead of pinning large hopes on sales expansion.

② Amid these harsh increasing component price conditions, aim to further reduce production costs by reviewing production systems to further streamline production output and promoting optimal production flexibility at production sites as well as optimal procurement of components.

4. Others

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

None.

(2) 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.

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

① Effective 1st April 2008, the Company adopted the Accounting Standard for Quarterly Financial Statements (ASBJ* Statement No. 12) and its Implementation Guidance on Accounting Standards for Quarterly Financial Statements (ASBJ Guidance No. 14). In addition, the Company prepares its quarterly consolidated financial statements in accordance with the specific rules governing the reporting of quarterly financial results in Japan.

② Measurement of inventories and valuation method
Inventories the Company holds for ordinary sales purposes are primarily valued at cost using the moving-average method. In accordance with the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9) effective 1st April 2008, the Company has cut the book value on items for which profitability has decreased. This change has only a minor impact on profit and loss for the period.

③ Adoption of accounting standards for lease transactions
In and before the fiscal year ended 31st March 2008, non-ownership transfer finance lease transactions were treated in accordance with accounting methods for ordinary lease transactions. Effective 1st April 2008, the Company adopted the Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and its Implementation Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16). Accordingly, these lease transactions are now treated in accordance with accounting methods for ordinary sales transactions.

This change has no impact on operating income, ordinary income, or on net income before taxes and other adjustments for the period.

* ASBJ: Accounting Standards Board of Japan. (http://www.asb.or.jp/)