Financial Summary
Fiscal Year Ended 31st March, 2009

Tokyo, 15th May 2009

1. Financial results

(1) Overview of financial results

① Financial results for fiscal year ended 31st March, 2009

For this fiscal year through 31st March, 2009, amid the spread of worldwide financial uncertainty originating from the sub prime mortgage crisis, corporate profits have been severely affected by the global economy recession, declines in stock prices as well as effects of drastic fluctuations in foreign exchange markets.

In addition, we are seeing a rapid decline in consumer spending demand as well as a massive decrease in production volume due to the effects of a gearing-down in corporate facility investment, and a serious recession continues including a rapid deterioration in the job market.

Under these circumstances, while the Group's home-use sewing machine sales for the first half of the fiscal year proceeded favorably, , sales declined toward the second half of the fiscal year, particularly in mid-to-higher price range, affected by the rapid decline in demand from consumer spending.

As for the industrial equipment business, sales of robotics and electro-press machines were down drastically to 600 units in the second half of the fiscal year, from 1,300 units in the first half of the fiscal year, affected by a worldwide gearing-down in corporate facility investment.

As a result, net sales for the Janome Group totaled 40.487 billion yen. Operating income was 459 million yen, with ordinary loss of 171 million yen. Net loss for this fiscal year was 5.083 billion yen, including income tax adjustments that reversed 3.6 billion yen in deferred tax assets to make financial position healthier.

Summary of operational results by segment is as follows.

・ Home use sewing machines

In Japan, amid downward trends in consumer demand, the Company released low to mid range models as part of efforts to expand demand and also made aggressive efforts towards stimulating demand, including the release of a model change of the top computerized sewing machine. As a result, sales in Japan increased to 230 thousand units (up 20 thousand units from the previous fiscal year). Despite such increase in unit sales, revenue in Japan was 7.367 billion yen (down 401 million yen from the previous fiscal year) due to further downward pressures on retail prices.

Overseas, by focusing on meeting customer needs through efforts that included improvements to the top embroidery sewing machine program, sales for the first half of the fiscal year were at the same level as the corresponding period of the previous fiscal year. In addition, sewing hobbyist-oriented sewing machine lines, which are the Company's strength, maintained relatively steady sales in Europe and U.S. markets.

Nevertheless, because of the disorder of the financial markets originating in the U.S. in September 2008, the slowdown of the economies in Europe and North America further spread to developing countries and caused the total global sewing machine market to shrink. As a result, overseas sales decreased to 1.49 million units (down 90 thousand units from the previous fiscal year), with revenue of 22.968 billion yen (down 4.725 billion yen from the previous fiscal year), due to the negative impact of the sharp appreciation of the Japanese yen in addition to the decline in unit sales.

Reflecting the above, global sales for the Group in sewing machines totaled 1.72 million units (down 70 thousand units from the previous fiscal year) with revenue of 30.336 billion yen (down 5.126 billion yen from the previous fiscal year).

・ Industrial equipment

In auto parts, telecommunication equipment and computer-related equipment industries, the Company continued efforts towards offering speedier technical service and information to customers and organizing seamless networks with customers so as to improve productivity and quality as well as reduce production costs. Furthermore, the Company launched new merchandise for sales expansion as well as made efforts in education of sales personnel and account managers.

However, in addition to the continued gearing-down in facility investment unprecedented in both speed and scale in every industry, but particularly in the die-cast production business, the rapid decrease in production volume in the automotive industry had an unexpectedly significant impact on the Company's business.

As a result, net sales for industrial equipment totaled 4.157 billion yen (down 1.32 billion yen from 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 5.993 billion yen (down 485 million yen from the previous fiscal year).

② Outlook for next fiscal year (1st April 2009 through 31st March 2010)

With the global recession, demand from consumer spending and corporate facility investment remains stagnant, and due to the exceedingly unclear outlook for the exchange markets, the severe business environment is expected to continue.

In response, the Group aims to create a structure of profitability that can respond flexibly to changes in the business environment as well as survive amid recession.

For the fiscal year ending 31 March 2010, it is estimated that net sales on a consolidated basis will reach 37 billion yen (down 8.6% compared with the previous fiscal year), with operating income of 1 billion yen (up 117.5% compared with the previous fiscal year), ordinary income of 500 million yen (loss of 171 million yen for the previous fiscal year) and net income of 600 million yen (net loss of 5.083 billion yen for the previous fiscal year).

(2) Overview of financial position

① Assets, liabilities and net assets

Total assets on a consolidated basis as of 31 March 2009 were 50.997 billion yen (down 7.302 billion yen from a year earlier), due to a reversal of 3.6 billion yen in deferred tax assets in order to make the financial position healthier, in addition to a decrease in accounts and notes receivable as well as inventory assets.

Total liabilities decreased to 38.256 billion yen (down 761 million yen from a year earlier) due to a decrease in notes and accounts payable, while interest-bearing debts increased by 1.842 billion yen from a year earlier.

Total net assets (including minority interest shares) decreased to 12.74 billion yen (down 6.54 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 543 million yen (down 902 million yen from a year earlier) due to a decrease in accounts receivable and inventory assets.

Net cash generated by investing activities was negative 2.061 billion yen (up 103 million yen from a year earlier) due to capital investment expenditures totaling 2.541 billion yen, including expenses for renewal of Tokyo Factory and Janome Taiwan buildings, production facility and machinery expenses as well as molds expenses relating to new models.

Although there were payouts for redemptions of corporate bonds, net cash used for financing activities was positive 2.208 billion yen (up 500 million yen from a year earlier) due to an increase in borrowings.

As a result, cash and cash equivalents on a consolidated basis as of 31st March 2009 increased by 505 million yen from the previous fiscal year ended 31st March 2008, amounting to 4.866 billion yen.

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

	as of 31 March 2006	as of 31 March 2007	as of 31 March 2008	as of 31 March 2009
Shareholders equity ratio	32.8 %	36.4 %	32.1 %	23.9 %
Equity ratio based on market value	90.3 %	55.7 %	32.1 %	14.9 %
Interest-bearing debts to cash flow ratio	5.9 years	11.6 years	14.5 years	42.2 years
Interest coverage ratio	5.9 times	3.9 times	3.1 times	1.1 times

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 this fiscal term / next fiscal term

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 2009, the Group has not been able to secure earnings for dividend distribution, and as such will regrettably suspend distribution. For the next fiscal year ending 31st March 2010, we do not expect to be able to pay dividends.

(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 to consolidated sales has been indicating around 60 percent. While the Group intends to hedge any exchange losses incurred by foreign currency transactions through foreign exchange forward reservation systems as well as netting settlements between Headquarters and subsidiary companies, because the majority of overseas sales revenue is transacted on a foreign currency basis rather than on 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. The Production Operations Division manages and controls overall material procurement and production procedures for 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 reversal 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.

⑫ Financial covenants

With respect to the Company's borrowings, the recording of a loss in ordinary account and a decrease in net assets resulted in a breach of financial covenants provided for in 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.

(5) Significant events regarding going concern assumptions

Although there was an event of the financial covenants as stated above in (4) Risk factors to Janome Group business, no cash flow problems have been incurred because of support from our main financial institutions as stated below in (2) Issues to be addressed under 3. Management policy.

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.

Note that J.T.S. Co., Ltd. and Jamac, Inc. are to be integrated into Janome Credia Co., Ltd., and Janome America, Inc., respectively, as of 1st April 2009.

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

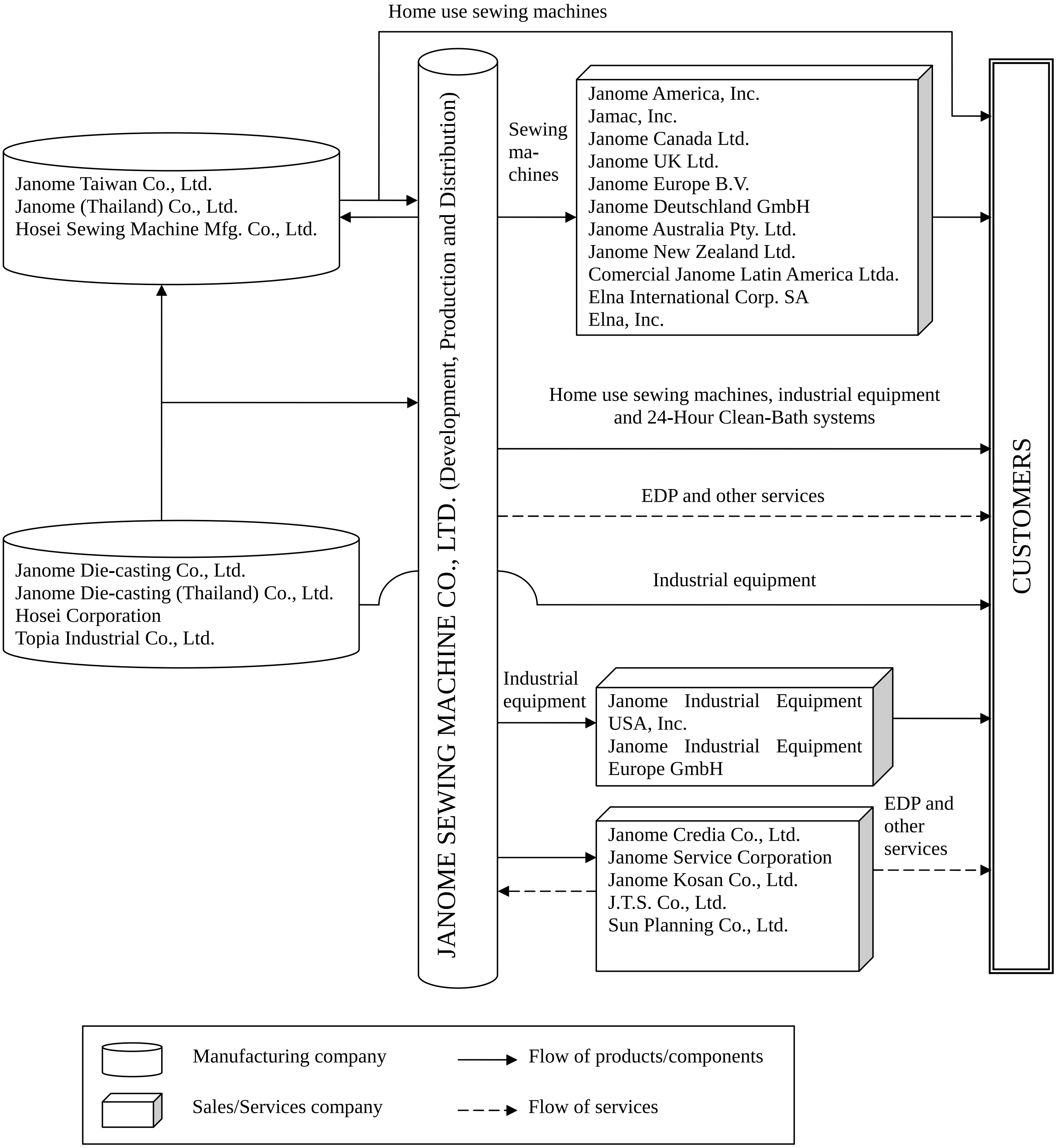
The Company develops and produces industrial equipment including desk-top robots and Electro-press machines, with sales and marketing handled by the Company and a limited number of overseas sales subsidiaries. Janome Die-casting Co., Ltd., Janome Die-casting (Thailand) Co., Ltd. and Hosei Corporation 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. is involved in IT software/electronic data processing services, Janome Service Corporation in installation/maintenance of 24-Hour Clean Bath systems, Janome Kosan Co., Ltd. in restaurant operations.

[Overview of transactions of consolidated subsidiaries]

as of 31 March 2009



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.

In order to strengthen corporate infrastructure to respond flexibly to changes in business environment, the Group has formulated an action plan for improving profitability, and continues to improve production efficiency and reinforce its research and development infrastructure as well as its sales/customer service infrastructure.

(2) Issues to be addressed

As for the business environment surrounding the Group, with consumer demand and corporate facility investment, the twin pillars pulling the economy, remaining in a slump as the global recession becomes more serious, there is concern that the unprecedented downturn may be protracted. As for direction of the foreign exchange markets as well, there have been sharp shifts towards a strong Japanese yen, and the outlook has become exceedingly unclear.

In light of such current conditions, the Group will address the following issues in order to create a corporate system that is able to achieve profitability even under recession.

1. Action plan to improve profitability

For this fiscal year through 31st March, 2009, the recording of a loss in the ordinary account and a massive decrease in net assets from a year earlier resulted in a breach of financial covenants. However, the Company obtained understanding from the main lending financial institutions that they will continue financial support as previously without requiring a termination of the lending term benefits so that no cash flow problems have been incurred. Moreover, in order to improve such situation, the Group will focus on radical improvement of management practices and strengthening of revenue base.

[Main points of the action plan]

① Relocation of headquarters and management infrastructure

With the relocation of the Company’s headquarters in July 2009, the Company will combine all development, production, sales and administrative departments into a single centralized location, and create an effective business structure that is able to maximize utilization of managerial resources.

② Reorganization of domestic and overseas production systems

In order to respond a decrease in production affected by the economic downturn, we will continue efforts towards organizing effective and appropriate production systems. We will also work towards reducing production costs and strengthening price competitiveness by increasing local content ratio of components and reducing transportation costs.

③ Reorganization of domestic and overseas sales systems

With the aim of effective use and reallocation of managerial resources, we will strengthen dealer/distributor sales and cultivate sales channels for mass merchant business in order to establish an appropriate, regionally-rooted sales infrastructure.

④ Continuation of expenditure reduction

We will continue our efforts towards improving profitability through comprehensive reductions in expenditures.

2. Further improvement of corporate governance

The Group will continue to strengthen CSR (Corporate Social Responsibility) activities while promoting further internal control and risk management.