

## **[Qualitative Information]**

### **1. Consolidated financial results**

For the first quarter period ended 30<sup>th</sup> June, 2010, the global economy has turned moderately to recovery from a worldwide recession stemming from the Lehman shock in fall 2008.

However, the outlook of the global economy continues to be unclear because of concerns over a slowdown in economic recovery, as credit uncertainty in some European countries has not yet been eradicated and foreign exchange trends such as appreciation of the yen against the U.S. dollar/euro, etc.

Under such business circumstances, in the first quarter period, the Group focused on delivering and expanding profits by expanding sales, while maintaining and strengthening a structure for profitability through the implementation of its profitability improvement plan started from the last fiscal year.

### **[Operational results by segment]**

#### **Household equipment:**

A newly launched model HORIZON Memory Craft 7700 QCP for quilters and sewists was very well received by global customers and signs of a bottom-stricken economy were seen in the North America market, where it was feared that economic recovery might be delayed. As a result, sales in sewing machines were 390 thousand units (up 40 thousand units compared to the corresponding period of the previous fiscal year), nets sales were 7.09 billion yen (up 8.6% compared to the corresponding period of the previous fiscal year), with an operating income of 411 million yen (compared with an operating loss of 89 million yen for the corresponding period of the previous fiscal year).

#### **Industrial equipment:**

The Group aimed aggressively at expanding sales, focusing on the Asia market including mainland China and Thailand whose demands were the first to head toward recovery. As a result, net sales were 1.035 billion yen (up 77.8% compared to the corresponding period of the previous fiscal year) with an operating income of 142 million yen (compared with an operating loss of 115 million yen for the corresponding period of the previous fiscal year).

#### **Other:**

In other segments including IT software development, net sales were 737 million yen (down 22.7% compared to the corresponding period of the previous fiscal year) due in part to the delay of recovery in investment demand. However, operating loss was 8 million yen (improved from an operating loss of 16 million yen for the corresponding period of the previous fiscal year) due to a decrease in outsourcing expenses of software development.

Reflecting the above, Janome Group net sales totaled 8.863 billion yen (up 9.9% compared to the corresponding period of the previous fiscal year), with an operating income of 543 million yen (compared with an operating loss of 220 million yen for the corresponding period of the previous fiscal year) for this first quarter period.

## **2. Consolidated financial position**

Total assets on a consolidated basis as of 30<sup>th</sup> June, 2010, were 50.07 billion yen (down 441 million yen from the previous fiscal year ended 31<sup>st</sup> March, 2010).

Current assets increased to 20.208 billion yen (up 46 million yen from the previous fiscal year ended 31<sup>st</sup> March, 2010) due to an increase in inventory assets. Fixed assets were 29.861 billion yen (down 488 million yen from the previous fiscal year ended 31<sup>st</sup> March, 2010) due to a decrease in the depreciation of fixed assets.

Current liabilities decreased by 1.35 billion yen to 19.615 billion yen due to a decrease in short-term borrowings, and fixed liabilities increased by 1.121 billion yen to 17.018 billion yen due to an increase in long-term borrowings. As a result, total liabilities were 36.634 billion yen (down 228 million yen from the previous fiscal year ended 31<sup>st</sup> March, 2010).

Net assets decreased to 13.435 billion yen (down 213 million yen from the previous fiscal year ended 31<sup>st</sup> March, 2010) due to a decrease in the foreign currency translation adjustments account.

### **[Overview of cash flow position]**

Cash and cash equivalents on a consolidated basis as of 30<sup>th</sup> June, 2010, increased by 711 million yen from the previous fiscal year ended 31<sup>st</sup> March, 2010, totaling 7.58 billion yen (an increase of 2.504 billion yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 786 million yen. This was due to a return to black of 541 million yen for net income before income taxes and minority interests, a decrease in accounts receivable of 293 million yen and an increase in inventories of 406 million yen, etc.

Net cash generated by investing activities amounted to an outflow of 10 million yen. This was due to proceeds of 144 million yen from sales of fixed assets including real estate held by an overseas subsidiary and expenditures of 91 million yen for the purchase of fixed assets, etc.

Net cash used for financing activities amounted to an inflow of 67 million yen. This was due to a decrease in short-term borrowings of 1.419 billion yen and an inflow from long-term borrowings of 1.6 billion yen, etc.

## **3. Forecast of consolidated results for fiscal year ending 31<sup>st</sup> March, 2011**

Regarding the forecast of consolidated results for the first half ending 30<sup>th</sup> September, 2010, the Group made positive revisions to its previous forecast announced by the Company on 14<sup>th</sup> May, 2010, to reflect its steadily progressing performance during the first quarter period.

[Amendments to the first half consolidated forecast for fiscal year ending 31<sup>st</sup> March, 2011]  
(1<sup>st</sup> April, 2010, through 30<sup>th</sup> September, 2010)

Unit: Million yen

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast (A)	17,500	800	500	300	¥1.55
Revised forecast (B)	17,500	900	800	500	¥2.59
Increase/decrease (B-A)	--	100	300	200	--
Change (%)	--	12.5%	60.0%	66.7%	--
Ref. Results of previous first half (six month period ended 30 <sup>th</sup> September, 2009)	16,782	180	11	21	¥0.11

For the consolidated results of the full year ending 31<sup>st</sup> March, 2011, there are no revisions to the earnings forecast announced by the Company on 14<sup>th</sup> May, 2010, due to concerns about economic slowdown, an unclear outlook for trends in currency exchange rates as well as raw material costs, and other factors that may occur toward the latter half of this fiscal year.

Unit: Million yen

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Full year, ending 31 <sup>st</sup> March, 2011	37,000	1,800	1,200	800	¥4.14