

[Qualitative Information]

1. Consolidated financial results

Over the first nine months of this fiscal year, economic conditions came head to head with the worldwide economic uncertainty which saw sharply falling stock prices triggered by the financial crisis in the United States and large fluctuations in foreign exchange markets including a weaker U.S. dollar against the Japanese yen.

Under such business conditions, the home use sewing machine business saw unit sales in Japan increase to 180 thousand units (up 30 thousand units compared to the corresponding period of the previous fiscal year), and overseas to 1.2 million 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 24.225 billion yen for this period (down 2.734 billion 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 sold.

As for the industrial equipment business, the Group made efforts toward sales expansion through enrichment of the product line by launching the CAST series of desktop robotics. Nonetheless, revenue in the industrial equipment business fell to 3.551 billion yen for this period (down 512 million yen compared to the corresponding period of the previous fiscal year) due to the effects of a gearing-down in facility investment mainly in the automotive and semiconductor-related industries.

Net sales in EDP and other services were 3.028 billion yen for this period (down 255 million yen compared to the corresponding period of the previous fiscal year) due to a decrease in B-to-B software development business as a result of the recession.

Net sales in 24-Hour Clean Bath system and water ionizer businesses were 1.461 billion yen for this period (down 117 million yen compared to the corresponding period of the previous fiscal year) due to a slump in domestic consumption as well as a decrease in orders of the 24-Hour Clean Bath systems.

In addition to extraordinary losses on investment securities of 245 million yen for the first six month period ended 30th September 2008, the Group posted a foreign exchange loss due to the drastic appreciation of the Japanese yen and decided to reverse 1.139 billion yen in deferred tax assets and record as part of income tax adjustments.

Reflecting these, net sales for the Janome Group totaled 32.266 billion yen (down 10.1% compared to the corresponding period of the previous fiscal year), operating income was 602 million yen (down 28.4% compared to the corresponding period of the previous fiscal year), with ordinary loss of 120 million yen (cf. profit of 572 million yen for the corresponding period of the previous fiscal year) for a net loss of 2.135 billion yen for this period (cf. net loss of 149 million yen for the corresponding period of the previous fiscal year).

Note that amounts and/or percentage points of 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 31st December 2008 were 54.645 billion yen (down 3.654 billion yen from the previous fiscal year ended 31st March 2008).

Current assets decreased to 21.034 billion yen (down 1.836 billion yen from the previous fiscal year ended 31st March 2008) due to a decrease in accounts receivable as well as inventory assets. Fixed assets decreased to 33.61 billion yen (down 1.818 billion yen from the previous fiscal year ended 31st March 2008) due to a decrease in deferred tax assets as well as investment securities.

Current liabilities increased to 19.129 billion yen (up 1.514 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 20.16 billion yen (down 1.242 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 31st December 2008 decreased by 247 million yen from the previous fiscal year ended 31st March 2008 to total 4.114 billion yen.

Net cash generated by operating activities was negative 612 million yen (down 969 million yen from a year earlier). This was mainly due to the net loss before income taxes and minority interests.

Net cash generated by investing activities was negative 1.416 billion yen (up 437 million yen from a year earlier). This was mainly due to the purchase of tangible fixed assets.

Net cash used for financing activities was 2.052 billion yen (down 199 million yen from a year earlier).

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

For the full year consolidated forecast for fiscal year ending 31st March 2009, a decrease in both net sales and profits from the previously announced forecast on 29th October 2008 in the notice concerning amendment to financial forecast is now expected.

With respect to the remainder of this fiscal year ending 31st March 2009, under current conditions where there is concern that the global uncertainty may become protracted, instead of pinning large hopes on sales expansion, the Group will strive towards improvement and strengthening of management and financial conditions through reductions in production costs as well as a thorough reduction in expenditures which can be expected to provide more definite results towards the bottom line.

[Amendment to the full year consolidated forecast for fiscal year ending 31st March 2009]
(1st April 2008 through 31st March 2009)

(Unit: Million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast (A)	43,500	1,200	900	100	¥0.52
Latest forecast (B)	42,000	900	40	(2,000)	(¥10.35)
Increase/decrease (B-A)	(1,500)	(300)	(860)	(2,100)	--
% change	(3.4)	(25.0)	(95.6)	--	--
Results of previous fiscal year, ended 31 March 2008 (Reference)	47,421	1,312	324	(1,207)	(¥6.23)

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/>)