



Consolidated Financial Results for Fiscal 2006 and Forecast for Fiscal 2007

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)
English translation from the original Japanese language document

9 May 2006

Company name : JANOME SEWING MACHINE CO., LTD.
Securities code : 6445
(URL <http://www.janome.co.jp>)
Stock exchange on which the shares are listed : Tokyo, Japan (First Section)
Location of the head office : Tokyo, Japan
Representative : Name: Sumikazu Kato
Title: President
Contact person : Name: Kengo Seki
Title: Director, Accounting Department
Phone: +81 3 3277 2111
Meeting of Board of Directors for Financial Results : 9 May 2006
US GAAP : Not applied

1. Fiscal 2006 Annual Results (1 April 2005 through 31 March 2006)

(1) Consolidated financial results (Amounts less than one million yen are rounded down.)

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
FY2006	49,376	1.9	3,034	(12.0)	2,575	1.4
FY2005	48,438	(0.8)	3,447	(25.8)	2,538	(33.6)

	Net Income		Net Income per Share - basic	Net Income per Share - diluted
	Million yen	%	yen	yen
FY2006	2,384	--	14.15	13.86
FY2005	(4,512)	--	(29.60)	--

	Return on Equity	Ordinary Income on Total Assets	Ordinary Income on Net Sales
	%	%	%
FY2006	15.3	4.3	5.2
FY2005	(32.7)	4.2	5.2

Note:

1. Minority interest in net loss of subsidiary: (29 million yen) for FY2006, and (24 million yen) for FY2005.
2. Average outstanding shares of common stock (consolidated basis): 168,561,184 shares for FY2006, and 152,437,044 shares for FY2005.
3. Change in accounting method since the most recent fiscal year: Yes (Adoption of asset impairment accounting)
4. Regarding net sales, operating income, ordinary income and net income, the figures in % show percentage of change from the corresponding period of the preceding year.

(2) Consolidated financial position

	Total Assets	Shareholders' Equity		Shareholders' Equity per Share of Common Stock
	Million yen	Million yen	%	yen
FY2006	60,106	19,731	32.8	104.68
FY2005	60,177	11,547	19.2	75.75

Note: Outstanding shares of common stock (consolidated basis): 188,501,382 shares as of 31 March 2006, and 152,433,069 shares as of 31 March 2005.

(3) Consolidated cash flow position

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents, at End of Period
	Million yen	Million yen	Million yen	Million yen
FY2006	3,509	3,368	(4,050)	5,947
FY2005	2,635	(1,137)	(2,721)	3,179

(4) Scope of consolidation and affiliates using the applied equity method

Number of consolidated subsidiaries: 17

Number of non-consolidated subsidiaries accounted for under the equity method: 0

Number of affiliates accounted for under the equity method: 1

(5) Change in scope of consolidation and affiliates using the applied equity method from preceding year

Number of newly consolidated subsidiaries: None

Number of companies excluded from the scope of consolidation: None

Number of affiliates newly accounted for under equity method: None

Number of companies excluded from the subject of equity method: None

2. Forecast for Fiscal 2007 Consolidated Business (1 April 2006 through 31 March 2007)

	Net sales	Ordinary income	Net income
	Billion yen	Billion yen	Billion yen
First Half Fiscal 2007	23	1.0	0.2
Full Period Fiscal 2007	50	2.8	1.2

(Ref.) Net income per share of common stock (Annual estimate): 6.15 yen

Note: With regard to a third 2.5 billion yen convertible bond issued on 3 March 2006, conversion of the entire amount to stock was completed on 6 April 2006.

The above estimated net income per share of common stock for Fiscal 2007 (full period) was calculated based on the number of shares issued after the conversion of convertible bond to stock, adding 6,678,539 shares to the 188,501,382 shares as of 31 March 2006.

* The above forecast is based on information, which is available at this moment, and subject to change due to unexpected factors that might affect Company performance. Actual results may differ materially from the forecast.

Financial Summary

Fiscal 2006 ended 31 March 2006

Tokyo, 9 May 2006

1. Overview of financial results for Fiscal 2006

During Fiscal 2006, the price of crude oil continued to rise drastically as along with the cost of raw materials. In particular, the sharp rise in the cost of raw materials such as aluminum and copper was a significant factor pushing up production costs of Janome group products.

To counter these cost increases, we focused on reducing production costs through management efficiency from the entire Janome group. As a result of our efforts, and aided by the favorable appreciation of the U.S. dollar against the Japanese yen, impact on profitability was minimized.

Reflecting these, the Janome group posted net sales of 49,376 million yen (up 938 million yen compared to Fiscal 2005). Operating income was 3,034 million yen (down 413 million yen compared to Fiscal 2005) and ordinary income increased to 2,575 million yen (up 36 million yen compared to Fiscal 2005). Net income rose this period to 2,384 million yen.

On a non-consolidated basis, Janome Tokyo posted net sales of 38,204 million yen (down 163 million yen compared to Fiscal 2005). Operating income was 1,662 million yen (down 17 million yen compared to Fiscal 2005) and ordinary income was 2,285 million yen (down 37 million yen compared to Fiscal 2005). Net income increased to 2,477 million yen.

2. Overview of business results by segment

< Sewing machines and sewing-related products >

Overseas, further fierce competition was shown in the lower-priced product range, and we struggled with slow sales at the mass-merchants in North America. However, through the effective introduction of our top model, which has undergone a full model change since the Memory Craft family was first introduced several years ago, sales through subsidiaries/distributors in North America and Europe proceeded favorably. While unit sales decreased, the average unit sales price increased to improve profitability.

New market cultivation including Latin America and the Middle East proceeded favorably, and the new accounts contributed to sales increases.

As a result, unit sales of sewing machines overseas dropped to 1,461 thousand units (down 140 thousand units compared to Fiscal 2005), and net sales of sewing machines and sewing-related products overseas rose to 26,104 million yen (up 1,364 million yen compared to Fiscal 2005).

In Japan, we strived to encourage the demand for sewing machines through development of a newly-styled sewing workshop to fulfill the diversified needs of users from beginner to enthusiastic professional sewists in addition to participation in a variety of exhibitions, new product market introductions and the like.

As a result, unit sales of sewing machines in Japan reached 237 thousand units (up 9 thousand units over Fiscal 2005), while net sales were 10,682 million yen (down 837 million yen compared to

Fiscal 2005) due to a decline in the average unit sales price.

Reflecting these, global unit sales of sewing machines were 1,699 thousand units (down 131 thousand units compared to Fiscal 2005) and global net sales in sewing machines and sewing-related products posted 36,786 million yen (up 526 million yen compared to Fiscal 2005).

< Industrial equipment >

Net sales of main products such as the Robot series and the Electro Press grew to 2,164 million yen (up 21%, 376 million yen over Fiscal 2005), with 2,470 unit sales (up 441 units compared to Fiscal 2005).

Net sales in industrial equipment from the Robot series and the Electro Press plus other industrial machinery totaled 4,440 million yen (up 878 million yen compared to Fiscal 2005).

< 24-Hour Clean Bath systems and water ionizers >

Sales of 24-Hour Clean Bath systems rose to 9,775 units (up 177 units compared to Fiscal 2005) for net sales of 2,601 million yen (up 14 million yen compared to Fiscal 2005).

Net sales from the 24-Hour Clean Bath systems plus the water ionizers totaled 3,106 million yen (up 97 million yen compared to Fiscal 2005).

< Other services >

Net sales from other services such as electronic data processing services and installation/maintenance of 24-Hour Clean Bath systems plus those from real estate totaled 5,043 million yen (down 564 million yen compared to Fiscal 2005).

3. Forecast for Fiscal 2007 (from 1 April 2006 to 31 March 2007)

For Fiscal 2007, we estimate that net sales on a consolidated basis will reach 50 billion yen (up 1.3% compared with Fiscal 2006), with ordinary income of 2.8 billion yen (up 8.7% compared with Fiscal 2006), and net income of 1.2 billion yen.

On a non-consolidated basis, net sales of 38.5 billion yen (up 0.8% compared with Fiscal 2006) are estimated, with ordinary income of 2.4 billion yen (up 5% compared with Fiscal 2006), and net income of 1.2 billion yen.

Consolidated Financial Statements

1. Consolidated Balance Sheets

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

As of 31 March 2006 and 2005

Million yen

Account	31 March 2006	31 March 2005	Increase (Decrease)
[ASSETS]			
Current assets			
Cash and cash equivalents	¥6,601	¥3,303	¥3,298
Accounts and notes receivable	8,875	8,017	857
Marketable securities	1,531	1,210	321
Inventories	7,105	7,312	(207)
Deferred tax assets	1,433	519	913
Other current assets	629	576	53
Allowance for doubtful accounts	(213)	(208)	(5)
Total current assets	25,962	20,732	5,230
Fixed assets			
Tangible fixed assets			
Buildings and structures	4,527	4,631	(103)
Machinery and vehicles	1,156	948	207
Land	16,388	16,524	(136)
Construction in progress	5	295	(289)
Other tangible fixed assets	1,263	1,237	25
Total tangible fixed assets	23,340	23,637	(296)
Intangible fixed assets	587	614	(26)
Investments and other assets			
Investment securities	4,014	7,391	(3,376)
Allowance against negotiable obligation	--	30,000	(30,000)
Deferred tax assets	5,083	6,599	(1,516)
Other investments and assets	1,173	1,325	(151)
Allowance for doubtful accounts	(57)	(30,123)	30,066
Total investments and other assets	10,215	15,192	(4,977)
Total fixed assets	34,143	39,444	(5,300)
TOTAL ASSETS	60,106	60,177	(70)
[LIABILITIES]			
Current liabilities			
Notes and accounts payable	3,803	3,864	(60)
Short-term borrowings	12,590	14,011	(1,420)
Short-term bond	1,250	--	1,250
Income taxes payable	399	290	108
Allowance for employees' bonuses	590	599	(9)
Other current liabilities	2,221	2,135	86
Total current liabilities	20,856	20,901	(44)
Fixed liabilities			
Bonds	4,850	3,000	1,850
Long-term borrowings	3,467	15,031	(11,564)
Deferred tax liabilities	5,137	3,932	1,204
Liability for retirement payments	4,719	4,409	309
Other fixed liabilities	736	816	(79)
Total fixed liabilities	18,910	27,190	(8,280)
TOTAL LIABILITIES	39,767	48,092	(8,325)
[MINORITY INTEREST SHARE]			
Minority interest share	607	537	70
[SHAREHOLDERS' EQUITY]			
Common stock	10,622	7,623	2,999
Capital surplus	3,000	0	2,999
Retained earnings	1,892	(594)	2,486
Difference from revaluation of land	4,355	5,732	(1,376)
Difference from revaluation of investment securities	657	24	633
Foreign currency translation adjustments	(792)	(1,235)	442
Treasury stock, at cost	(4)	(2)	(1)
TOTAL SHAREHOLDERS' EQUITY	19,731	11,547	8,184
TOTAL OF LIABILITIES, MINORITY INTEREST SHARE AND SHAREHOLDERS' EQUITY	¥60,106	¥60,177	(¥70)

Note: Amounts less than one million yen are rounded down.

Consolidated Financial Statements

2. Consolidated Statements of Income

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Periods of 1 April 2005 - 31 March 2006 and 1 April 2004 - 31 March 2005

Million yen

Account	1 April 2005	1 April 2004	Increase
	31 March 2006	31 March 2005	(Decrease)
Net sales	¥49,376	¥48,438	¥938
Cost of sales	25,063	23,637	1,426
Gross profit	24,312	24,800	(487)
Selling, general and administrative expenses	21,278	21,353	(74)
Operating income	3,034	3,447	(413)
Other income			
Interest income	32	31	0
Dividend income	24	12	11
Profit on marketable securities	20	--	20
Foreign exchange profit	262	--	262
Miscellaneous	176	142	34
Total other income	516	186	329
Other expenses			
Interest expense	619	742	(122)
Foreign exchange loss	--	144	(144)
Minority interest in net loss of subsidiary	29	24	5
Miscellaneous	325	184	141
Total other expenses	975	1,095	(120)
Ordinary profit	2,575	2,538	36
Extraordinary profit			
Gain on sales of investment securities	755	--	755
Gain on reconciliation with negotiated obligation	500	--	500
Gain on sales on fixed assets	14	108	(94)
Total extraordinary profit	1,269	108	1,161
Extraordinary loss			
Impairment loss	185	--	185
Investigation expense of merger and acquisition	144	--	144
Loss on revaluation of inventories	116	66	50
Loss on sales and depreciation of fixed assets	107	65	42
Accrual of allowance for bad debts	--	7,000	(7,000)
Miscellaneous	57	38	19
Total extraordinary loss	612	7,170	(6,558)
Income before income taxes and minority interests	3,232	(4,523)	7,756
Income tax, inhabitant tax and business tax	666	709	(43)
Income tax adjustment	113	(801)	(915)
Minority interest	68	81	(13)
Net income	¥2,384	(¥4,512)	¥6,897

Note: Amounts less than one million yen are rounded down.

Average of exchange rate for the period

Currency	1 April 2005	1 April 2004	Increase
	31 March 2006	31 March 2005	(Decrease)
1 US\$ =	¥113.31	¥107.54	¥5.77

Consolidated Financial Statements

3. Consolidated Statements of Surplus

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Periods of 1 April 2005 - 31 March 2006 and 1 April 2004 - 31 March 2005

Million yen

Account	1 April 2005 -31 March 2006	1 April 2004 -31 March 2005	Increase (Decrease)
[CAPITAL RESERVE]			
Beginning balance	¥0	¥1,694	(¥1,694)
Increase			
Conversion of convertible bonds to stock	2,999	--	2,999
Decrease			
Transfer of capital reserve to retained earnings	--	1,694	(1,694)
Ending balance	3,000	0	2,999
[RETAINED EARNINGS]			
Beginning balance	(594)	2,208	(2,803)
Increase			
Net income	2,384	(4,512)	6,897
Transfer from land revaluation difference	--	1,694	(1,694)
Transfer from land revaluation difference	102	0	101
Gains from newly consolidated subsidiaries	--	19	(19)
Total increase	2,486	(2,797)	5,284
Decrease			
Exclusion from scope of consolidated subsidiaries	--	5	(5)
Ending balance	¥1,892	(¥594)	¥2,486

Note: Amounts less than one million yen are rounded down.

Consolidated Financial Statements

4. Consolidated Statements of Cash Flows

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Periods of 1 April 2005 - 31 March 2006 and 1 April 2004 - 31 March 2005

Million yen

Account	1 April 2005 31 March 2006	1 April 2004 31 March 2005
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes and minority interests	¥3,232	(¥4,523)
Depreciations	1,056	901
Impairment loss	185	--
Increase/decrease of allowance for doubtful accounts	(30,070)	7,012
Increase/decrease of employees' retirement benefits	262	257
Interest and dividend income	(57)	(44)
Interest payment	619	742
Gain on reconciliation with negotiated obligation	(500)	--
Increase/decrease of accounts receivable	(209)	(150)
Increase/decrease of inventories	685	(294)
Increase/decrease of accounts payable	(495)	(401)
Decrease of negotiated obligation	30,000	--
Others	(536)	(224)
Sub total	4,174	3,275
Interest and dividend received	65	45
Interest paid	(600)	(729)
Gain on reconciliation and reversal of investment received	500	986
Income tax paid	(630)	(942)
Net cash generated by operating activities	3,509	2,635
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for term-deposits	(601)	(80)
Income from term-deposits	33	115
Expenditures for purchase of securities	(1,511)	--
Expenditures for purchase of tangible fixed assets	(866)	(1,193)
Expenditures for purchase of investment securities	(461)	(577)
Income from sales of investment securities	6,834	534
Others	(59)	63
Net cash generated by investing activities	3,368	(1,137)
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/decrease of short-term borrowings	(7,437)	(17,729)
Long-term borrowings	1,073	13,412
Expenditure for repayment of long-term debt	(6,640)	(1,249)
Proceeds from issuance of bonds	9,034	2,911
Expenditure for minority shareholders' dividends	(40)	(65)
Others	(40)	(1)
Net cash used for financing activities	(4,050)	(2,721)
IV. Effect of exchange rate changes on cash and cash equivalent	(59)	26
V. Increase/decrease in cash and cash equivalents	2,768	(1,197)
VI. Cash and cash equivalents, at beginning of period	3,179	4,283
VII. Increase in cash and cash equivalents from new consolidation	--	93
VIII. Cash and cash equivalents, at end of period	¥5,947	¥3,179

Note: Amounts less than one million yen are rounded down.

JANOME SEWING MACHINE CO., LTD.

Tokyo, June 27, 2006

Appointment of New Management

We announce that at the 80th Annual Shareholders Meeting of Janome Sewing Machine Co., Ltd. and succeeding first Board Meeting held on June 27, 2006, the following appointment in directors, auditors, officers and fellowships were resolved.

1. Board of Directors

Position	Name	Responsibility
Representative Executive President	Sumikazu Kato	
Representative Executive Vice President	Masahiko Nakamichi	President's office (Secretariat) Customer Relations office General Affairs Real Estate
Senior Managing Director	Mamoru Suzuki	Hachioji Operations Industrial Automation Systems Quality Assurance
Managing Director	Koichi Watanabe	Domestic Japan Sales Sewing Laboratory
Director	Hachiro Makabe	Management Planning office President, Janome Credia Co., Ltd.
Director	Kengo Seki	Management Planning office Accounting
Director	Masanori Matsubara	Hachioji Operations Research and Development Center Tokyo Factory
Director (newly appointed)	Masahiro Yamamoto	Domestic Japan Sales Domestic Japan Retail Sales
Director (newly appointed)	Jiro Hagiwara	International Business
Director (newly appointed)	Noboru Matsunaga	Industrial Automation Systems
Director (newly appointed)	Michiyoshi Asahara	President, Janome America, Inc.

Corporate Auditor (standing)	Takeshi Oyaizu
Corporate Auditor (standing)	Shigeru Ishizeki
Corporate Auditor	Takuo Hoshino
Corporate Auditor	Shinji Nakazawa

2. Corporate Officers and Fellowships

Position	Name	Responsibility
Senior Corporate Officer	Hirokatsu Nomura	Domestic Japan Sales
Senior Corporate Officer	Yasuro Sano	Sewing Laboratory
Corporate Officer	Masahiro Abe	Quality Assurance
Corporate Officer	Shuichi Amano	President's office (Secretariat)
Corporate Officer	Toru Hirasawa	General Affairs
Corporate Officer	Kazuyoshi Kameda	Domestic Japan Wholesale Sales
Corporate Officer	Fumiyuki Mishima	Domestic Japan "Clean Bath" Sales
Corporate Officer	Minemitsu Hase	International Business International Sales III
Corporate Officer	Shigenobu Saito	Industrial Automation Systems
Corporate Officer	Akihiko Aizawa	Real Estate
Corporate Officer	Takuya Ogawa	Sewing Laboratory
Corporate Officer	Mahito Takanashi	Managing Director, Taiwan Janome Sewing Machine Co., Ltd.
Senior Fellowship	Toshiaki Yamaguchi	Research and Development Center
Fellowship	Akira Orii	Research and Development Center