

## CONSOLIDATED FINANCIAL RESULTS for the First Half of Fiscal 2006

(1 April 2005 through 30 September 2005)

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

4 November 2005

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  
 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 interim financial results : 4 November 2005  
 US GAAP : Not applied

### 1. First Half of Fiscal 2006 (1 April 2005 through 30 September 2005)

(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	%
1H of Fiscal 2006	22,975	(0.1)	1,234	(18.2)	1,054	(17.1)
1H of Fiscal 2005	22,990	1.0	1,507	(19.6)	1,271	(13.7)
(Ref. Fiscal 2005)	48,438		3,447		2,538	

	Net Income		Net Income per Share - basic	Net Income per Share - diluted
	Million yen	%	yen	yen
1H of Fiscal 2006	601	19.1	3.76	--
1H of Fiscal 2005	504	(32.5)	3.31	--
(Ref. Fiscal 2005)	(4,512)		(29.60)	--

Note:

- Minority interest in net loss of subsidiary: 0 million yen for 1H of F2006, (0 million yen) for 1H of F2005, and (24 million yen) for Fiscal 2005.
- Average outstanding shares of common stock (consolidated basis): 159,799,127 shares for 1H of F2006, 152,439,097 shares for 1H of F2005, and 152,437,044 shares for Fiscal 2005.
- Change of accounting method since the most recent fiscal year: Yes (adoption of asset impairment accounting)
- 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
	Million yen	Million yen	%	yen
1H of Fiscal 2006	63,549	16,064	25.3	93.38
1H of Fiscal 2005	66,532	15,938	24.0	104.56
(Ref. Fiscal 2005)	60,177	11,547	19.2	75.75

Note:

Outstanding shares of common stock (consolidated basis): 172,033,882 shares as of 30 September 2005, 152,437,375 shares as of 30 September 2004, 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
1H of Fiscal 2006	255	628	282	4,311
1H of Fiscal 2005	683	(453)	(1,657)	2,942
(Ref. Fiscal 2005)	2,635	(1,137)	(2,271)	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: 0

Number of companies excluded from the scope of consolidation: 0

Number of affiliates newly accounted for under equity method: 0

Number of companies excluded from the subject of equity method: 0

## 2. Forecast for Fiscal 2006 consolidated business (1 April 2005 through 31 March 2006)

	Net sales	Ordinary income	Net income
Full year of Fiscal 2006	Million yen	Million yen	Million yen
	50,000	3,500	2,500

(Ref.) Net income per share (Annual estimate): 14.53 yen

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

# (1) Consolidated Balance Sheets

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

As of 30 September 2005 and 2004 (Ref. as of 31 March 2005)

Million yen

ACCOUNT	30 September 2005	30 September 2004	Increase (Decrease)	31 March 2005
<b>[ ASSETS ]</b>				
<b>Current assets</b>				
Cash and cash equivalents	4,362	3,203	1,158	3,303
Accounts and notes receivable	8,719	7,830	888	8,017
Marketable securities	29	1,427	(1,397)	1,210
Inventories	8,777	8,343	434	7,312
Other current assets	1,275	1,628	(352)	1,096
Allowance for doubtful accounts	(204)	(183)	(21)	(208)
Total current assets	22,960	22,250	710	20,732
<b>Fixed assets</b>				
<b>Tangible fixed assets</b>				
Buildings and structures	4,620	4,709	(88)	4,631
Land	16,359	16,514	(155)	16,524
Other tangible fixed assets	2,448	2,258	189	2,481
Total tangible fixed assets	23,428	23,483	(54)	23,637
Intangible fixed assets	589	624	(34)	614
<b>Investments and other assets</b>				
Investment securities	9,621	6,343	3,277	7,391
Allowance against negotiated obligation	30,000	30,000	--	30,000
Deferred tax assets	5,788	5,622	165	6,599
Other investments and assets	1,285	1,329	(43)	1,325
Allowance for doubtful accounts	(30,123)	(23,120)	(7,003)	(30,123)
Total investments and other assets	16,571	20,174	(3,602)	15,192
Total fixed assets	40,589	44,281	(3,692)	39,444
<b>TOTAL ASSETS</b>	<b>63,549</b>	<b>66,532</b>	<b>(2,982)</b>	<b>60,177</b>
<b>[ LIABILITIES ]</b>				
<b>Current liabilities</b>				
Notes and accounts payable	4,772	4,241	530	3,864
Short-term borrowings	20,040	22,074	(2,033)	14,011
Short-term bond	1,000	--	1,000	--
Income taxes payable	312	519	(206)	290
Allowance for employees' bonuses	684	754	(70)	599
Other current liabilities	2,064	2,605	(540)	2,135
Total current liabilities	28,874	30,196	(1,321)	20,901
<b>Fixed liabilities</b>				
Bonds	2,000	1,000	1,000	3,000
Long-term borrowings	6,859	10,021	3,161	15,031
Deferred tax liabilities	3,862	3,933	(70)	3,932
Liability for retirement payments	4,575	4,133	441	4,409
Other fixed liabilities	789	803	(13)	816
Total fixed liabilities	18,087	19,891	(1,803)	27,190
<b>TOTAL LIABILITIES</b>	<b>46,962</b>	<b>50,087</b>	<b>(3,125)</b>	<b>48,092</b>
<b>[ MINORITY INTEREST SHARE ]</b>				
Minority interest share	523	506	16	537
<b>[ SHAREHOLDERS' EQUITY ]</b>				
Common stock	8,873	7,623	1,250	7,623
Capital surplus	1,250	0	1,250	0
Retained earnings	108	4,422	(4,313)	(594)
Difference from revaluation of land	5,630	5,733	(103)	5,732
Difference from revaluation of investment securities	1,305	(466)	1,771	24
Foreign currency translation adjustments	(1,099)	(1,371)	272	(1,235)
Treasury stock, at cost	(3)	(2)	(1)	(2)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>16,064</b>	<b>15,938</b>	<b>125</b>	<b>11,547</b>
<b>TOTAL OF LIABILITIES, MINORITY INTEREST SHARE AND SHAREHOLDERS' EQUITY</b>	<b>63,549</b>	<b>66,532</b>	<b>(2,982)</b>	<b>60,177</b>

## (2) Consolidated Statements of Income

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

For the periods of 1 April - 30 September 2005 and 2004 (Ref. period of 1 April 2004 - 31 March 2005)

Million yen

ACCOUNT	1 Apr - 30 Sep 2005	1 Apr - 30 Sep 2004	Increase (Decrease)	1 Apr 2004 - 31 Mar 2005
Net sales	22,975	22,990	(14)	48,438
Cost of sales	11,269	10,785	484	23,637
Gross profit	11,705	12,204	(499)	24,800
Selling, general and administrative expenses	10,471	10,696	(225)	21,353
Operating income	1,234	1,507	(273)	3,447
Other income				
Interest income	18	15	2	31
Dividend income	23	12	10	12
Foreign exchange profit	123	124	(0)	--
Minority interest in net profit of subsidiary	0	--	0	--
Miscellaneous	94	68	26	142
Total other income	261	221	39	186
Other expenses				
Interest expense	340	380	(39)	742
Foreign exchange loss	--	--	--	144
Minority interest in net loss of subsidiary	--	0	(0)	24
Miscellaneous	100	77	22	184
Total other expenses	441	457	(16)	1,095
Ordinary profit	1,054	1,271	(217)	2,538
Extraordinary profit				
Gain on sales of fixed assets	9	102	(92)	108
Total extraordinary profit	9	102	(92)	108
Extraordinary loss				
Impairment loss	185	--	185	--
Loss on revaluation of inventories	31	36	(5)	66
Loss on sales or depreciation of fixed assets	24	24	0	65
Accrual of allowance for bad debts	--	--	--	7,000
Other extraordinary loss	17	1	16	38
Total extraordinary loss	259	62	196	7,170
Income before income taxes	804	1,311	(506)	(4,523)
Income tax, inhabitant tax and business tax	297	678	(381)	709
Income tax adjustment	(122)	78	(200)	(801)
Minority interest	28	49	(21)	81
Net income	601	504	96	(4,512)

Average of exchange rate for the period

Currency	1 Apr - 30 Sep 2005	1 Apr - 30 Sep 2004	Increase (Decrease)	1 Apr 2004 - 31 Mar 2005
1 US\$ =	¥109.48	¥109.86	(¥0.38)	¥107.54