[Qualitative Information]

1. Consolidated financial results

For the first half ended 30th September, 2010, driven by the effects of massive economic stimulus measures and financial market stabilization measures injected worldwide, economies in emerging countries were the first to return to a basis of growth. Meanwhile, economies in major industrialized countries have turned moderately to a basis of recovery.

However, the outlook of the Japanese economy is becoming increasingly unclear due to progression of steep and protracted yen appreciation, a persistently severe employment environment and concerns over a slowdown in the U.S. economy, etc.

Under such business circumstances, in the first half period the Group focused on delivering and expanding profits through aggressive sales promotional measures aimed at sales expansion such as the launch of a new sewing machine model HORIZON Memory Craft 7700 QCP, while maintaining and strengthening a profit structure through the implementation of its profitability improvement plan started from the last fiscal year.

[Operational results by segment]

Household equipment:
Overseas, despite being affected by rapid yen appreciation, sales of the newly launched model proceeded favorably. Large-sized markets in particular such as North America and Europe were a driving force contributing to an increase in revenue and profits and, together with efforts to develop aggressive promotional activities in emerging markets such as Asia and Central America, business progressed steadily.

In Japan, although the Company attempted to stimulate demand and activate the market through the launch of a new model and participation in exhibitions of sewing machines and 24-hour clean bath systems, such attempts fell short of raising consumer motivation. Consequently, retail prices lowered and sales proceeded unfavorably.

As a result, sales of sewing machines were 800 thousand units (up 50 thousand units compared to the corresponding period of the previous fiscal year).

Overall, net sales in the household equipment business were 14.241 billion yen (up 4.2% compared to the corresponding period of the previous fiscal year), with an operating income of 855 million yen (up 128.0% compared to the corresponding period of the previous fiscal year).

Industrial equipment:
Sales of desk-top robots and electro-press machines proceeded favorably because incoming orders from IT-related and auto-related industries expanded particularly in the Asia market, mainly mainland China, Korea and Thailand.

In addition, sales progressed steadily in the die-casting business due in part to the effects of car demand stimulus measures including the government’s eco-car subsidies.

As a result, overall net sales for the industrial equipment business were 2.137 billion yen (up

66.1% compared to the corresponding period of the previous fiscal year) with an operating income of 259 million yen (compared with an operating loss of 180 million yen for the corresponding period of the previous fiscal year).

Other:
In other business segments including IT software development, net sales were 1.432 billion yen (down 21.7% compared to the corresponding period of the previous fiscal year) due in part to the delay of recovery in IT-related investment demand. However, operating income was 21 million yen (compared with an operating loss of 10 million yen for the corresponding period of the previous fiscal year) as a result of a decrease in outsourcing expenses owing to efforts made to promote the in-house development of software.

Reflecting these results, Janome Group net sales for the first half period totaled 17.811 billion yen (up 6.1% compared to the corresponding period of the previous fiscal year) with an operating income of 1.115 billion yen (up 518.4% compared to the corresponding period of the previous fiscal year) and an ordinary income of 980 million yen (up 968 million yen from the corresponding period of the previous fiscal year). The net income for this period reached 567 million yen (up 546 million yen from the corresponding period of the previous fiscal year).

2. Consolidated financial position

Total assets on a consolidated basis as of 30th September, 2010, were 47.321 billion yen (down 3.191 billion yen from the previous fiscal year ended 31st March, 2010).

Current assets decreased to 17.586 billion yen (down 2.576 billion yen from the previous fiscal year ended 31st March, 2010) due to a decrease in cash and deposits. Fixed assets were 29.734 billion yen (down 615 million yen from the previous fiscal year ended 31st March, 2010) due to a decrease in the depreciation of fixed assets.

Current liabilities decreased by 3.062 billion yen to 17.903 billon yen owing to a decrease in short-term borrowings, and fixed liabilities decreased by 112 million yen to 15.784 billion yen due to a decrease in liability for employee retirement payments. As a result, total liabilities were 33.687 billion yen (down 3.175 billion yen from the previous fiscal year ended 31st March, 2010).

Net assets decreased to 13.633 billion yen (down 15 million yen from the previous fiscal year ended 31st March, 2010) due to a decrease in the foreign currency translation adjustments account, although the total shareholders equity increased as a result of the net income for this period.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of 30th September, 2010, decreased by 2.562 billion yen from the previous fiscal year ended 31st March, 2010, totaling 4.307 billion yen (an increase of 845 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 932 million yen. This was due to a return of 871 million yen for net income before income taxes and minority interests, an increase in inventories of 683 million yen and an increase in accounts payable of 549 million yen, etc.

Net cash generated by investing activities amounted to an outflow of 275 million yen. This was due to proceeds of 176 million yen from sales of fixed assets including real estate held by overseas subsidiaries, expenditures of 211 million yen for purchase of tangible fixed assets and expenditures of 209 million yen for the purchase of intangible fixed assets, etc.

Net cash used for financing activities amounted to an outflow of 3.078 billion yen. This was due to a decrease in short-term borrowings of 3.792 billion yen and an inflow from long-term borrowings of 2.7 billion yen, and an outflow from repayment of long-term debts of 1.941 billion yen, etc.

3. Forecast of consolidated results for fiscal year ending 31st March, 2011

Although the consolidated results for the first half ended 30th September, 2010 progressed steadily, there are no revisions to the earnings forecast for the consolidated results of the full year ending 31st March, 2011, announced by the Company on 6th August, 2010, due to concerns about economic slowdown, an unclear outlook for trends in currency exchange rates and raw material costs, as well as other factors that may occur toward the latter half of this fiscal year.