# 1. Qualitative Information Concerning Consolidated Financial Results for the 1st half of fiscal year ending 31st March, 2012

## (1) Consolidated financial results

Regarding the world economy during the 1st half ended 30 September, 2011, the trend towards stable growth continued in emerging countries. However, high unemployment rates in the United States and financial difficulties in some European countries curbed overall economic growth.
The Japanese economy exceeded expectations for recovery of manufacturing capacity due to efforts by companies and local governments after the Great East Japan Earthquake of March 2011. Nevertheless, consumer spending fell because of reductions in discretionary spending and worries of lingering electricity shortages, while the economic turmoil caused by a weak stock market and historic yen appreciation continues.

Although the Janome Group carried out measures such as allocating resources to promising markets, Group business was affected by rapid yen appreciation, and cost increases caused by the strong appreciation of the Taiwanese dollar and the change in sales product mix. Actual net sales for the Group totaled 17,529 million yen (down 1.6% compared to the corresponding period last year), operating income was 590 million yen, down 47.0% compared to the corresponding period last year), ordinary income was 708 million yen (down 27.7% compared to the corresponding period last year), and net income reached 380 million yen (down 32.9% compared to the corresponding period last year).

**[Operational results by segment]**

**(i) Household equipment:**
In overseas markets, sales to mass merchandisers in North America, local agents in Europe and OEM businesses were weak. The Group penetrated emerging markets in growing Asian countries like India, as well as markets in Russia, the Middle East and South America where the Group opened a new regional sales office. Due to these efforts, unit sales in overseas markets rose to 830 thousand units, an increase of 130 thousand units compared to the corresponding period of the previous fiscal year. Net sales of home use sewing machines totaled 10,173 million yen (up 0.6% compared to the corresponding period of the previous fiscal year), due to the rapid appreciation of the yen.
In the Japanese market sales of home use sewing machines and 24 hour clean bath units were weak because of an increase in money consciousness among consumers. While unit sales of home use sewing machines in the Japanese market rose to 110 thousand units, an increase of 4 thousand units compared to the corresponding period of the previous fiscal year, net sales decreased to 3,961 million yen (down 4.2 % compared to the corresponding period of the previous fiscal year) due to a trend toward low-end consumption.

Overall, net sales in the household equipment business were 14,135 million yen (down 0.7% compared to the corresponding period of the previous fiscal year), with an operating income of 414 million yen (down 51.6% compared to the corresponding period of the previous fiscal year).

**(ii) Industrial equipment:**
Sales in desk-top robots and electro-press machines proceeded favorably, with the establishment of a subsidiary in Shanghai generating service revenue as well as facilitating an

aggressive expansion of sales activity in China's industrial equipment market.

Sales in the die-casting business were affected by automotive industry production adjustments caused by the Great East Japan Earthquake and weak domestic manufacturing operations due to the subsequent electricity shortage.

As a result, net sales in industrial equipment were 2,093 million yen (down 2.1% compared to the corresponding period of the previous fiscal year) with an operating income totaling 204 million yen (down 21.2 % compared to the corresponding period of the previous fiscal year)

**(iii) Other:**
In other business segments including IT software development, data processing, 24-Hour Clean Bath system installation and maintenance, etc., together with real estate leasing income, net sales were 1,300 million yen (down 9.2% compared to the corresponding period of the previous fiscal year) due in part to a delay in the recovery of IT-related investment demand which ended with an operating loss of 3 million yen (compared with an operating profit of 21 million yen for the corresponding period of the previous fiscal year).

## (2) Qualitative Information Concerning Consolidated Financial Position for the 1st half of fiscal year ending 31st March, 2012

As of 30th September, 2011, total assets on a consolidated basis were 48,309 million yen (down 781 million yen from the previous fiscal year ended 31 March, 2011).

Current assets decreased to 19,053 million yen (down 332 million yen from the previous fiscal year ended 31 March, 2011) due to a decrease of cash and deposit. Fixed assets were 29,256 million yen (down 448 million yen from the previous fiscal year ended 31st March, 2011) due to a decrease caused by the depreciation of fixed assets.

Current liabilities increased to 17,242 million yen (up 304 million yen from the previous fiscal year ended 31 March, 2011) due to an increase in notes and accounts payable and fixed liabilities decreased to 17,401 million yen (down 634 million yen from the previous fiscal year ended 31 March, 2011) due to a decrease in long-term borrowings.

Net assets decreased to 13,665 million yen (down 451 million yen from the previous fiscal year ended 31 March, 2011) 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 30th September, 2011 decreased by 931 million yen from the previous fiscal year ended 31st March, 2011, totaling 5,860 million yen (an increase of 1,553 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an outflow of 21 million yen (a decrease of 954 million yen compared to the corresponding period of the previous fiscal year). This was due to a return of 638 million yen in income before income taxes and minority interests, an increase of 1,097 million yen in notes and accounts receivable, an increase of 718 million yen in inventories and an increase of 717 million yen in notes and accounts payable, etc.

Net cash generated by investing activities amounted to an outflow of 436 million yen (as compared to an outflow of 275 million yen in the corresponding period of the previous fiscal year). This was due to expenditures of 225 million yen to purchase tangible fixed assets including molds and expenditures of 221 million yen to purchase non-tangible assets including software, etc.

Net cash used for financing activities amounted to an outflow of 315 million yen (as compared to an outflow of 3,078 million yen in the corresponding period of the previous fiscal year). This was due to an increase in short-term borrowings of 521 million yen, an inflow from long-term borrowings of 1,900 million yen and an outflow from repayment of long-term debts of 2,687 million yen, etc.

### (3) Forecast of consolidated results for fiscal year ending 31st March, 2012

In October, 2011 the Japanese yen reached a historically high exchange rate and the outlook for foreign currency exchange rates is unclear, Financial difficulties in United States and some European countries may also impact future business. Regarding the consolidated results of the full year ending 31st March, 2012, there are no revisions to the earnings forecast announced by the Company on 13th May,2011.