1. Qualitative Information Concerning Consolidated Financial Results for the 3rd quarter of the fiscal year ending 31st March, 2012

(1) Consolidated financial results

The global economy in the nine-month period ended 31 December, 2011 saw continued strong economic growth in emerging countries, but a high unemployment rate in the United States and persistent concerns surrounding the European financial crisis curbed overall economic growth.

In Japan, the recovery in domestic and overseas supply chains following the Great East Japan Earthquake of March 2011 exceeded expectations, thanks to concerted efforts by companies and local authorities. Nevertheless, the pace of recovery slowed from the autumn onwards, due to a fall in consumer spending resulting from lower discretionary spending and a weak stock market, as well as a historic high level of yen appreciation.

Although the Janome Group carried out measures such as allocating management resources to growth fields and aggressively expanding sales with a focus on emerging markets, Group business was adversely affected by cost increases resulting from sharp yen appreciation and foreign exchange movements, as well as changes in the sales product mix. Net sales for the Group totaled 27,478 million yen (flat compared to the corresponding period of the previous year), operating income was 1,666 million yen (down 11.6%), and ordinary income was 1,625 million yen (up 12.9%).Net income for the 3rd quarter was 79 million yen, down 90.7% compared with the same period of the previous year due to extraordinary losses associated with business restructuring and revision of the retirement benefit system, as well as 183 million yen reversal of deferred tax assets due to a decrease in the rate of corporation tax, which was recorded as an income tax adjustment.

The performance by segment is outlined below.

<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 including India, as well as the Middle East, and thanks to these efforts sales grew, mainly in emerging markets. As a result, unit sales in overseas markets rose to 1.28 million units, an increase of about 110 thousand units compared to the corresponding period of the previous fiscal year. Net sales totaled 16,311 million yen (up 1.3% compared to the corresponding period of the previous year), due to rapid yen appreciation.

In the Japanese market, sales of home-use sewing machines and 24-hour clean bath units were weak due to increased cost-consciousness among consumers following the Great East Japan Earthquake. While unit sales of home-use sewing machines in the Japanese market rose to 160 thousand units, an increase of 10 thousand units compared to the corresponding period of the previous fiscal year, net sales decreased to 5,866 million yen (down 2.8 % 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 22,178 million yen (up 0.2% compared to the corresponding period of the previous fiscal year), with operating income of 1,309 million yen (down 14.3%).

<Industrial equipment>

In the industrial equipment business, there were strong sales of desk-top robots and electro-press machines, 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. Meanwhile, 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 shortages. As a result, net sales in the industrial equipment business were 3,288 million yen (up 3.5% compared to the corresponding period of the previous fiscal year), with operating income of 399 million yen (up 13.8%).

<Other>

In other business segments including IT software development, data processing, and 24-Hour Clean Bath system installation and maintenance, as well as real estate leasing income, net sales were 2,011 million yen (down 6.8% compared to the corresponding period of the previous fiscal year) due in part to the delayed recovery of IT-related investment demand, resulting in an operating loss of 14 million yen (compared with an operating profit of 38 million yen for the corresponding period of the previous fiscal year).

(2) Qualitative Information Concerning Consolidated Financial Position for the 3rd quarter of the fiscal year ending 31st March, 2012

As of 31 December, 2011, total assets on a consolidated basis were 49,155 million yen (up 65 million yen from the previous fiscal year ended 31 March, 2011).

Current assets were 20,309 million yen (up 923 million yen from the previous fiscal year ended 31 March, 2011) due to increases in notes and accounts receivable trades and inventories. Fixed assets were 28,846 million yen (down 858 million yen from the previous fiscal year ended 31 March, 2011) due to the depreciation of fixed assets.

Current liabilities were 18,385 million yen (up 1,447 million yen from the previous fiscal year ended 31 March, 2011) due to an increase in notes and accounts payable and short-term borrowing, while fixed liabilities decreased to 16,713 million yen (down 1,322 million yen) due to factors including a fall in deferred income taxes for revaluation due to a reduction in the corporation tax rate.

Net assets were 14,056 million yen (down 60 million yen from the previous fiscal year ended 31 March, 2011) due to factors including an increase in the revaluation reserve for land, net of tax, and a decrease in the foreign currency translation adjustments account.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of 31 December, 2011 decreased by 528 million yen from the previous fiscal year ended 31 March, 2011, totaling 6,263 million yen (an increase of 491 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 210 million yen (an increase of 1,491 million yen compared to the corresponding period of the previous fiscal year). This was due to 810 million yen in income before income taxes and minority interests, an increase of 898 million yen in notes and accounts receivable, an increase of 1,112 million yen in inventories, and an increase of 284 million yen in notes and accounts payable, etc.

Net cash generated by investing activities amounted to an outflow of 602 million yen (as compared to an outflow of 525 million yen in the corresponding period of the previous fiscal year). This was due to expenditures of 352 million yen to purchase tangible fixed assets including molds, and expenditures of 267 million yen to purchase non-tangible assets including software, etc.

Net cash used for financing activities amounted to an inflow of 40 million yen (as compared to an outflow of 1,905 million yen in the corresponding period of the previous fiscal year). This was due to an increase in short-term borrowings of 1,199 million yen, an inflow from long-term borrowings of 1,900 million yen, and an outflow from repayment of long-term debts of 3,000 million yen, etc.

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

Despite the continued extremely high level of yen appreciation during the nine-month period ended 31 December 2011, the Company expects sales, operating income and ordinary income to exceed its consolidated earnings forecasts announced on 13 May 2011, due to strong sales of home-use sewing machines to emerging markets and industrial equipment to Asian markets, as well as a milder-than-expected impact from component supply shortages following the Great East Japan Earthquake.

In addition, the Company has revised its full-year forecasts for the year ending 31 March, 2012 as shown below, due to extraordinary losses and 183 million yen reversal of deferred tax assets following a decrease in the rate of corporation tax, which was recorded as an adjustment for income taxes, during the 3rd quarter.

Revised consolidated earnings forecasts for the ending 31 March, 2012

(1 April 2011 to 31 March 2012)

	Sales	Operating income	Ordinary income	Net income	Net earnings per share
	Million yen	Million yen	Million yen	Million yen	yen
Previous forecast (A)	35,500	1,550	1,100	450	2.33
Current forecast (B)	36,300	1,900	1,800	200	1.03
Change (B-A)	800	350	700	△250	
Change (%)	2.3	22.6	63.6	△55.6	
Ref: Result for year ended 31 March 2011	36,094	2,115	1,592	799	4.14