

(Reference Translation)



February 10, 2016

**Summary of Financial Information and Business Results  
for the Fiscal Year 2015 Ended December 31, 2015  
on a Consolidated Basis  
<under Japanese GAAP>**

Company name: **JUKI Corporation**  
Listing: First Section of the Tokyo Stock Exchange  
Securities code: 6440  
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Scheduled date of Ordinary General Meeting of Shareholders: March 29, 2016  
Scheduled date to commence dividend payments: March 30, 2016  
Scheduled date to file the securities report: March 30, 2016  
Preparation of supplementary material on financial results: Yes  
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

**1. Consolidated performance for the fiscal year 2015 ended December 31, 2015  
(January 1, 2015 to December 31, 2015)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes)

| Fiscal year ended | Net sales   |      | Operating income |        | Ordinary income |        | Net income  |        |
|-------------------|-------------|------|------------------|--------|-----------------|--------|-------------|--------|
|                   | million yen | %    | million yen      | %      | million yen     | %      | million yen | %      |
| December 31, 2015 | 112,865     | 4.9  | 7,110            | (13.5) | 5,728           | (25.7) | 3,853       | (36.4) |
| December 31, 2014 | 107,581     | 14.0 | 8,217            | 59.5   | 7,710           | 98.8   | 6,058       | 101.5  |

Note: Comprehensive income Fiscal year ended December 31, 2015: 3,273 million yen [(60.4) %]  
Fiscal year ended December 31, 2014: 8,266 million yen [20.3 %]

| Fiscal year ended | Net income per share | Diluted net income per share | Ratio of net income to equity | Ratio of ordinary income to total assets | Ratio of operating income to net sales |
|-------------------|----------------------|------------------------------|-------------------------------|--|--|
|                   | yen                  | yen                          | %                             | %  | %                                      |
| December 31, 2015 | 129.14               | –                            | 14.6                          | 4.6                                      | 6.3                                    |
| December 31, 2014 | 219.17               | –                            | 34.2                          | 6.3                                      | 7.6                                    |

Reference: Equity in earnings (losses) of affiliates Fiscal year ended December 31, 2015: – million yen  
Fiscal year ended December 31, 2014: – million yen

\* On July 1, 2015, the Company carried out a one-for-five common share consolidation. Net income per share has been calculated as if the share consolidation had been carried out at the beginning of the fiscal year ended December 31, 2014.

## (2) Consolidated financial position

|                   | Total assets | Net assets  | Equity ratio | Net assets per share |
|-------------------|--------------|-------------|--------------|----------------------|
| As of             | million yen  | million yen | %            | yen                  |
| December 31, 2015 | 119,281      | 28,477      | 23.2         | 927.63               |
| December 31, 2014 | 130,751      | 25,010      | 18.4         | 804.10               |

Reference: Equity As of December 31, 2015: 27,678 million yen

As of December 31, 2014: 23,994 million yen

\* On July 1, 2015, the Company carried out a one-for-five common share consolidation. Net assets per share have been calculated as if the share consolidation had been carried out at the beginning of the fiscal year ended December 31, 2014.

## (3) Consolidated cash flows

|                   | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|-------------------|---|---|---|--|
| Fiscal year ended | million yen   | million yen   | million yen   | million yen                                |
| December 31, 2015 | 8,924   | (1,218)   | (9,044)   | 7,671                                      |
| December 31, 2014 | 3,459   | (1,868)   | 837   | 9,285                                      |

## 2. Dividends

|   | Annual dividends  |                    |                   |                 |       | Total dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---|-------------------|--------------------|-------------------|-----------------|-------|-------------------------|--------------------------------------|---|
|   | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |                         |                                      |   |
|   | yen               | yen                | yen               | yen             | yen   | million yen             | %                                    | %   |
| Fiscal year ended December 31, 2014             | –                 | 0.00               | –                 | 4.00            | 4.00  | 596                     | 9.1                                  | 3.2   |
| Fiscal year ended December 31, 2015             | –                 | 2.00               | –                 | 25.00           | –     | 1,044                   | 27.1                                 | 4.0   |
| Fiscal year ending December 31, 2016 (Forecast) | –                 | 10.00              | –                 | 25.00           | 35.00 |                         | 34.8                                 |   |

\* On July 1, 2015, the Company carried out a one-for-five common share consolidation. Consequently, the fiscal year-end dividend per share for the fiscal year ended December 31, 2014 and the interim dividend for the fiscal year ended December 31, 2015 are the actual amounts prior to the consolidation, and the total annual dividend for the fiscal year ended December 31, 2015 is presented as “–.” If the share consolidation is taken into account, the interim dividend for the fiscal year ended December 31, 2015 was 10 yen per share, and the total annual dividend amounted to 35 yen per share.

## 3. Consolidated earnings forecasts for the fiscal year 2016 ending December 31, 2016

(Percentages indicate year-on-year changes)

|                                      | Net sales   |       | Operating income |        | Ordinary income |        | Profit attributable to owners of parent |        | Basic earnings per share |
|--------------------------------------|-------------|-------|------------------|--------|-----------------|--------|---|--------|--------------------------|
|                                      | million yen | %     | million yen      | %      | million yen     | %      | million yen                             | %      |                          |
| Six months ending June 30, 2016      | 56,000      | (2.4) | 2,200            | (48.0) | 1,700           | (56.9) | 1,000                                   | (63.2) | 33.5                     |
| Fiscal year ending December 31, 2016 | 115,000     | 1.9   | 6,000            | (15.6) | 5,000           | (12.7) | 3,000                                   | (22.1) | 100.5                    |

**\* Notes**

- (1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: None
  - d. Restatement of prior period financial statements after error corrections: None

Note: For a detailed description, please refer to “(5) Notes to consolidated financial statements (Changes in accounting policies) of 3. Consolidated financial statements” on page 16 of the [Attached Material].

- (3) Number of issued shares (common shares)

- a. Total number of issued shares at the end of the period (including treasury shares)

|                         |                   |
|-------------------------|-------------------|
| As of December 31, 2015 | 29,874,179 shares |
| As of December 31, 2014 | 29,874,179 shares |

- b. Number of treasury shares at the end of the period

|                         |               |
|-------------------------|---------------|
| As of December 31, 2015 | 36,089 shares |
| As of December 31, 2014 | 33,682 shares |

- c. Average number of shares during the period

|                                     |                   |
|-------------------------------------|-------------------|
| Fiscal year ended December 31, 2015 | 29,839,414 shares |
| Fiscal year ended December 31, 2014 | 27,643,169 shares |

\* On July 1, 2015, the Company carried out a one-for-five common share consolidation. The total number of issued shares at the end of the period, the number of treasury shares at the end of the period, and the average number of shares during the period have been calculated as if the share consolidation had been carried out at the beginning of the fiscal year ended December 31, 2014.

(Reference) Summary of non-consolidated performance

**Non-consolidated performance for the fiscal year 2015 ended December 31, 2015  
(January 1, 2015 to December 31, 2015)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes)

| Fiscal year ended | Net sales   |     | Operating income |        | Ordinary income |        | Net income  |        |
|-------------------|-------------|-----|------------------|--------|-----------------|--------|-------------|--------|
|                   | million yen | %   | million yen      | %      | million yen     | %      | million yen | %      |
| December 31, 2015 | 58,870      | 4.4 | 2,825            | (36.5) | 5,222           | (34.4) | 3,563       | (49.3) |
| December 31, 2014 | 56,410      | 7.9 | 4,450            | –      | 7,962           | 141.5  | 7,031       | 139.1  |

| Fiscal year ended | Net income per share | Diluted net income per share |
|-------------------|----------------------|------------------------------|
|                   | yen                  | yen                          |
| December 31, 2015 | 119.42               | –                            |
| December 31, 2014 | 254.37               | –                            |

**(2) Non-consolidated financial position**

|                   | Total assets | Net assets  | Equity ratio | Net assets per share |
|-------------------|--------------|-------------|--------------|----------------------|
| As of             | million yen  | million yen | %            | yen                  |
| December 31, 2015 | 97,075       | 29,498      | 30.4         | 988.63               |
| December 31, 2014 | 109,211      | 25,919      | 23.7         | 868.59               |

Reference: Equity As of December 31, 2015: 29,498 million yen  
As of December 31, 2014: 25,919 million yen

**\* Indication regarding execution of audit procedures**

This financial results report is not subject to the audit procedures under the Financial Instruments and Exchange Act, and at the time of disclosure hereof, the audit procedures for financial statements under the Financial Instruments and Exchange Act have not been completed.

**\* Disclaimer regarding forward-looking statements**

This report contains forward-looking statements concerning future plans, strategies and assumptions in light of the economic, financial and other data currently available. Furthermore, they are subject to a number of risks and uncertainties. JUKI therefore wishes to caution readers that actual results may differ materially from those projected in such forward-looking statements. Significant factors that may have an impact on actual results include, but not limited to, the economic environment surrounding JUKI's business, political situations in key markets, and foreign exchange rate fluctuations (primarily the yen to U.S. dollar rate). For the suppositions that form the assumptions for consolidated earnings forecasts and cautions concerning the use thereof, please refer to "(1) Analysis of operating results, c. Forecasts for the next fiscal year of 1. Analysis of operating results and financial position" on pages 2 to 3 of the [Attached Material].

**[Attached Material]**

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## **1. Analysis of operating results and financial position**

### **(1) Analysis of operating results**

#### **a. Operating results of the current fiscal year**

In the current fiscal year, net sales were 112,865 million yen (up by 4.9% from the same period of the previous fiscal year) as a result of factors including firm performance in sales for the Sewing Machinery Business in Asia's emerging markets continuing on from the previous fiscal year, a focus on acquiring new customers and expanding areas of business that deliver high rates of return, and the effect of yen depreciation.

With respect to profits, although the Sewing Machinery Business performed firmly, operating income was 7,110 million yen (down by 13.5% from the same period of the previous fiscal year) due mainly to a drop in sales reflecting a sharp fall in capital investment demand, mainly in the Electronic Assembly Systems Business field, as the effects of the economic slowdown in China became apparent from the second half, as well as lower rates of return for profits reflecting competition with other companies which escalated to a more intense level. Ordinary income was 5,728 million yen (down by 25.7% from the same period of the previous fiscal year) and net income was 3,853 million yen (down by 36.4% from the same period of the previous fiscal year) due mainly to the depreciation of emerging country currencies such as the Chinese renminbi and the Indian rupee resulting in valuation losses that were recorded as foreign exchange losses during the second half.

#### **b. Overview of each business segment**

##### **i) Sewing Machinery Business**

In the apparel sewing industry, sales expanded in emerging Asian regions, Vietnam and Bangladesh in particular, and regions such as Latin America and Africa. With regard to products, sales of non-apparel sewn products such as car seats and sport shoes increased along with sales of automated sewing machines for the apparel sector, which were driven by needs for automation. As a result, net sales of the Sewing Machinery Business as a whole were 86,147 million yen (up by 10.5% from the same period of the previous fiscal year).

##### **ii) Electronic Assembly Systems Business**

Despite sales increases in newly released mounters and labor-saving systems, in China, our largest market, the effect of the economic slowdown emerged as we entered the second half, with a sharp decline in capital investment demand leading to a decline in sales. As a result, net sales of the Electronic Assembly Systems Business as a whole were 20,518 million yen (down by 8.5% from the same period of the previous fiscal year).

### c. Forecasts for the next fiscal year

The forecasts for the next fiscal year are as follows. The assumed foreign exchange rate is 110 yen to one U.S. dollar.

#### Consolidated earnings forecasts for the fiscal year ending December 31, 2016 (million yen)

| Item                                       | First half<br>(Six months ending June 30,<br>2016) | Second half | Fiscal year ended<br>December 31, 2015 |
|--|--|-------------|--|
| Net sales                                  | 56,000   | 59,000      | 115,000                                |
| Operating income                           | 2,200  | 3,800       | 6,000                                  |
| Ordinary income                            | 1,700  | 3,300       | 5,000                                  |
| Profit attributable to<br>owners of parent | 1,000  | 2,000       | 3,000                                  |

The above forecast for the first half of the fiscal year ending December 31, 2016, factors in the envisaged continuation of a slump in capital investment demand due to the slowdown in the Chinese economy and foreign exchange risk in valuation of foreign currency receivables arising from an appreciation of the yen against the U.S. dollar compared with the fiscal year ended December 31, 2015.

### (2) Analysis of financial position

(Analysis of assets, liabilities, net assets, and cash flows)

Total assets as of December 31, 2015 were 119,281 million yen, a decrease of 11,469 million yen compared to the previous fiscal year-end. This was mainly due to decreases in cash and deposits and inventories. Liabilities were 90,803 million yen, a decrease of 14,937 million yen compared to the previous fiscal year-end. This primarily reflected a decrease in notes and accounts payable - trade. Net assets were 28,477 million yen, an increase of 3,467 million yen compared to the previous fiscal year-end. This was mainly due to the recording of net income and the transfer of the amount of impact from a change in the accounting standard for retirement benefits to retained earnings at the beginning of the period.

Consequently, short-term and long-term loans payable as of December 31, 2015 were 66,971 million yen, a decrease of 7,271 million yen compared to the previous fiscal year-end, and the equity ratio was 23.2%, an increase of 4.9 percentage points over that of the previous fiscal year-end.

Net cash provided by operating activities was 8,924 million yen (compared to net cash of 3,459 million yen provided in the same period of the previous fiscal year). This mainly reflected the recording of income before income taxes and minority interests and a decrease in inventories.

Net cash used in investing activities was 1,218 million yen (compared to net cash of 1,868 million yen used in the same period of the previous fiscal year). This was mainly the result of purchase of property, plant and equipment.

Net cash used in financing activities was 9,044 million yen (compared to net cash of 837 million yen provided in the same period of the previous fiscal year), mainly due to a decrease in interest-bearing debt.

As a result, cash and cash equivalents were 7,671 million yen, a decrease of 1,613 million yen compared to the previous fiscal year-end.

(Reference) Transition of cash flow indicators

Transition of cash flow indicators of the Group is as follows.

|  | FY2011 ended<br>December 31,<br>2011 | FY2012 ended<br>December 31,<br>2012 | FY2013 ended<br>December 31,<br>2013 | FY2014 ended<br>December 31,<br>2014 | FY2015 ended<br>December 31,<br>2015 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Equity ratio (%)                                     | 10.6                                 | 4.2                                  | 10.1                                 | 18.4                                 | 23.2                                 |
| Market value-based equity ratio (%)                  | 19.6                                 | 14.5                                 | 26.1                                 | 49.4                                 | 27.2                                 |
| Ratio of interest-bearing debt to cash flows (years) | —                                    | —                                    | 11.8                                 | 21.6                                 | 7.5                                  |
| Interest-coverage ratio (times)                      | —                                    | —                                    | 3.9                                  | 2.5                                  | 6.8                                  |

(Notes) Equity ratio: Equity divided by total assets

Market value-based equity ratio: Aggregate market value of shares divided by total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt divided by cash flows

Interest-coverage ratio: Cash flows divided by interest payment

\*1 All of the above indicators are calculated based on consolidated financial figures.

\*2 Aggregate market value of shares is calculated based on number of issued shares excluding treasury shares.

\*3 Operating cash flow is used for cash flows.

\*4 Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets for which interest is being paid.

### **(3) Fundamental corporate policy for distributing profits, and dividends for the current fiscal year and next fiscal year**

With respect to distribution of profits, it is our basic policy to endeavor to return adequate profits to our shareholders, by seeking stable distribution of dividends, and concurrently, we take into account comprehensive issues such as the financial results of the current fiscal year, the necessity of retained earnings to prepare for future business operations, etc.

With respect to dividends for the current fiscal year, in light of the policy and financial position stated above, we plan to offer a year-end dividend of 25 yen per share.

The interim dividend was 2 yen per share, but since the Company carried out a one-for-five common share consolidation (every five common shares consolidated into one common share) with the effective date of July 1, 2015, if the share consolidation is taken into account, the interim dividend is 10 yen per share, and the planned annual dividend is 35 yen per share.

For the fiscal year ending December 31, 2016, the Company plans to pay the same dividends as the current fiscal year: an interim dividend of 10 yen per share and a year-end dividend of 25 yen per share.



## 2. Management policies

### (1) Basic management policy

The Group will strive to fulfill the trust and expectations of all its stakeholders, such as customers, shareholders, business partners, employees and society, by providing superior products and rendering superior services in response to the needs of markets and customers throughout the world, with a focus on improvement in the level of “Customer Satisfaction (CS).”

Our basic aim for the execution of business is to contribute toward society by creating new values based on the corporate slogan, “Mind & Technology –Technology with heart–” while we expand our business globally.

### (2) Targeted management benchmarks

The Company has formulated a Medium-Term Management Plan ending in the fiscal year 2016 based on its vision to be a “Global ‘Monodzukuri’ manufacturer equipped to survive in the 21<sup>st</sup> century.” However, in light of the impact on the global economy of factors such as the economic slowdown in China and the decline in oil prices, the Company has revised its targets for the fiscal year 2016 downward as described above.

### (3) Management strategies for the medium to long term and issues to address

The aforementioned Medium-Term Management Plan contains the following three basic policies: 1) “Constructing a business structure capable of continuously yielding profits,” 2) “Developing powerful personnel (professionals) with the expertise to implement our strategy,” and 3) “Constructing a smart business foundation (a productive business structure with no waste).” To achieve these goals with certainty in 2016, the Company is focusing on promoting the following three points.

#### a. Strengthen strategy execution capabilities

- We will respond to market changes by strengthening management in sales offices overseas—our main area of activity—and rigorously implementing sales reforms on the front lines.
- We will make subsidiary JUKI SINGAPORE PTE. LTD. a regional headquarters to oversee Asia excluding China, and also Africa, to promote swift decision making locally.
- We will further enhance the function of each Head Office management division to serve as “Global Cooperate Center” to support overseas Group companies.

#### b. Strengthen competitiveness of products and services

- We will strengthen our product planning and development capability. We will aim to develop innovative and high-value-added products through incorporating customer needs and trends in other companies’ products.
- We will enhance our customization for major projects such as customer automation, systemization, and robotization needs.
- We will aggressively promote capital expenditure to increase productivity at our own factories by fully adopting smart systems such as promoting automation of production processes and introducing transportation systems.

#### c. Strengthen systems and structures to boost profitability and improve financial position

- We will strengthen our engagement with the sewing machinery non-apparel business, labor-saving systems for electronic assembly systems, and automation needs utilizing collaborative products as well as expand our spare parts business.
- We will strengthen our solution sales, widen the scope of our activities for proposing automation and labor-saving solutions to customers, and pursue dynamic activities.
- In the business entrusted by major customers, mainly precision casting, processing, and assembly, we will form an overall unified operating structure with the Group companies to strengthen the Group’s business even further.
- To construct a smart business foundation, we will swiftly complete the business structure reforms in the Electronic Assembly Systems Business. Furthermore, we will improve cash flow

by reducing inventories, etc., and adopting smart technologies in our operation flow from manufacturing through to sales as part of operational innovation of the entire Company. In addition, we will promote quality management with thorough QCD in the development and production departments.

### **3. Basic Concept Regarding Selection of Accounting Standards**

The Group has prepared the consolidated financial statements in accordance with Japanese GAAP, in order to facilitate comparison with previous year's financial statements or comparability among companies.

The Company will examine the application of international financial reporting standards (IFRSs) in the future, giving consideration to the status of application of the system within Japan.

## 4. Consolidated financial statements

### (1) Consolidated balance sheet

(million yen)

|  | As of December 31, 2014 | As of December 31, 2015 |
|--|-------------------------|-------------------------|
| <b>Assets</b>                              |                         |                         |
| Current assets                             |                         |                         |
| Cash and deposits                          | 9,491                   | 7,906                   |
| Notes and accounts receivable - trade      | 31,275                  | 31,263                  |
| Merchandise and finished goods             | 37,685                  | 31,689                  |
| Work in process                            | 4,230                   | 3,532                   |
| Raw materials and supplies                 | 8,332                   | 7,424                   |
| Deferred tax assets                        | 3,050                   | 2,595                   |
| Other                                      | 4,303                   | 2,945                   |
| Allowance for doubtful accounts            | (579)                   | (400)                   |
| <b>Total current assets</b>                | <b>97,789</b>           | <b>86,958</b>           |
| Non-current assets                         |                         |                         |
| Property, plant and equipment              |                         |                         |
| Buildings and structures, net              | 14,625                  | 13,844                  |
| Machinery, equipment and vehicles, net     | 3,324                   | 3,036                   |
| Tools, furniture and fixtures, net         | 1,116                   | 1,047                   |
| Land                                       | 6,774                   | 6,656                   |
| Leased assets, net                         | 428                     | 342                     |
| Construction in progress                   | 35                      | 97                      |
| <b>Total property, plant and equipment</b> | <b>26,304</b>           | <b>25,024</b>           |
| Intangible assets                          | 2,216                   | 1,797                   |
| Investments and other assets               |                         |                         |
| Investment securities                      | 3,051                   | 3,009                   |
| Long-term loans receivable                 | 448                     | 432                     |
| Long-term prepaid expenses                 | 473                     | 353                     |
| Deferred tax assets                        | 124                     | 202                     |
| Net defined benefit asset                  | -                       | 982                     |
| Other                                      | 1,841                   | 2,316                   |
| Allowance for doubtful accounts            | (1,500)                 | (1,795)                 |
| <b>Total investments and other assets</b>  | <b>4,440</b>            | <b>5,501</b>            |
| <b>Total non-current assets</b>            | <b>32,961</b>           | <b>32,323</b>           |
| <b>Total assets</b>                        | <b>130,751</b>          | <b>119,281</b>          |

(million yen)

|   | As of December 31, 2014 | As of December 31, 2015 |
|---|-------------------------|-------------------------|
| <b>Liabilities</b>                                    |                         |                         |
| Current liabilities                                   |                         |                         |
| Notes and accounts payable - trade                    | 13,892                  | 10,126                  |
| Short-term loans payable                              | 52,492                  | 46,870                  |
| Lease obligations                                     | 207                     | 123                     |
| Accounts payable - other                              | 1,906                   | 1,718                   |
| Accrued expenses                                      | 3,343                   | 3,473                   |
| Income taxes payable                                  | 913                     | 745                     |
| Provision for bonuses                                 | 69                      | 60                      |
| Notes payable - facilities                            | 120                     | 111                     |
| Forward exchange contracts                            | 2,800                   | -                       |
| Other   | 1,354                   | 1,205                   |
| Total current liabilities                             | 77,101                  | 64,436                  |
| Non-current liabilities                               |                         |                         |
| Long-term loans payable                               | 21,751                  | 20,101                  |
| Lease obligations                                     | 297                     | 281                     |
| Provision for directors' retirement benefits          | 171                     | 171                     |
| Net defined benefit liability                         | 5,270                   | 5,084                   |
| Other   | 1,148                   | 728                     |
| Total non-current liabilities                         | 28,639                  | 26,367                  |
| Total liabilities                                     | 105,741                 | 90,803                  |
| Net assets  |                         |                         |
| Shareholders' equity                                  |                         |                         |
| Capital stock   | 18,044                  | 18,044                  |
| Capital surplus                                       | 2,094                   | 2,094                   |
| Retained earnings                                     | 3,754                   | 7,800                   |
| Treasury shares                                       | (62)                    | (66)                    |
| Total shareholders' equity                            | 23,831                  | 27,873                  |
| Accumulated other comprehensive income                |                         |                         |
| Valuation difference on available-for-sale securities | 817                     | 817                     |
| Deferred gains or losses on hedges                    | (3)                     | -                       |
| Foreign currency translation adjustment               | (695)                   | (1,148)                 |
| Remeasurements of defined benefit plans               | 44                      | 136                     |
| Total accumulated other comprehensive income          | 163                     | (194)                   |
| Minority interests                                    | 1,015                   | 799                     |
| Total net assets                                      | 25,010                  | 28,477                  |
| Total liabilities and net assets                      | 130,751                 | 119,281                 |

## (2) Consolidated statement of income and consolidated statement of comprehensive income

### Consolidated statement of income

(million yen)

|  | Fiscal year ended<br>December 31, 2014 | Fiscal year ended<br>December 31, 2015 |
|--|--|--|
| Net sales  | 107,581                                | 112,865                                |
| Cost of sales                                      | 74,078                                 | 78,293                                 |
| Gross profit                                       | 33,503                                 | 34,571                                 |
| Selling, general and administrative expenses       | 25,285                                 | 27,461                                 |
| Operating income                                   | 8,217                                  | 7,110                                  |
| Non-operating income                               |  |  |
| Interest income                                    | 160                                    | 127                                    |
| Dividend income                                    | 102                                    | 147                                    |
| Commission fee                                     | 163                                    | 193                                    |
| Foreign exchange gains                             | 259                                    | –                                      |
| Other  | 383                                    | 445                                    |
| Total non-operating income                         | 1,069                                  | 914                                    |
| Non-operating expenses                             |  |  |
| Interest expenses                                  | 1,410                                  | 1,321                                  |
| Foreign exchange losses                            | –                                      | 819                                    |
| Other  | 166                                    | 155                                    |
| Total non-operating expenses                       | 1,576                                  | 2,296                                  |
| Ordinary income                                    | 7,710                                  | 5,728                                  |
| Extraordinary income                               |  |  |
| Gain on sales of non-current assets                | 21                                     | 50                                     |
| Other  | 3                                      | 0                                      |
| Total extraordinary income                         | 24                                     | 51                                     |
| Extraordinary losses                               |  |  |
| Loss on sales and retirement of non-current assets | 82                                     | 65                                     |
| Loss on valuation of investment securities         | –                                      | 34                                     |
| Impairment loss                                    | 59                                     | 32                                     |
| Loss on change in equity                           | 5                                      | –                                      |
| Other  | –                                      | 4                                      |
| Total extraordinary losses                         | 147                                    | 137                                    |
| Income before income taxes and minority interests  | 7,587                                  | 5,642                                  |
| Income taxes - current                             | 1,416                                  | 1,625                                  |
| Income taxes for prior periods                     | 486                                    | –                                      |
| Income taxes - deferred                            | (274)                                  | 364                                    |
| Total income taxes                                 | 1,628                                  | 1,989                                  |
| Income before minority interests                   | 5,958                                  | 3,652                                  |
| Minority interests in loss                         | (100)                                  | (200)                                  |
| Net income   | 6,058                                  | 3,853                                  |

**Consolidated statement of comprehensive income**

(million yen)

|   | Fiscal year ended<br>December 31, 2014 | Fiscal year ended<br>December 31, 2015 |
|---|--|--|
| Income before minority interests                        | 5,958                                  | 3,652                                  |
| Other comprehensive income                              |  |  |
| Valuation difference on available-for-sale securities   | 186                                    | 0                                      |
| Deferred gains or losses on hedges                      | 20                                     | 3                                      |
| Foreign currency translation adjustment                 | 2,100                                  | (471)                                  |
| Remeasurements of defined benefit plans, net of tax     | –                                      | 88                                     |
| Total other comprehensive income                        | 2,307                                  | (379)                                  |
| Comprehensive income                                    | 8,266                                  | 3,273                                  |
| Comprehensive income attributable to                    |  |  |
| Comprehensive income attributable to owners of parent   | 8,331                                  | 3,495                                  |
| Comprehensive income attributable to minority interests | (64)                                   | (221)                                  |

### (3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2014

(million yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period   | 15,950               | –               | (2,304)           | (60)            | 13,585                     |
| Cumulative effects of changes in accounting policies                             |                      |                 |                   |                 |                            |
| Balance at the beginning of period reflecting the changes in accounting policies |                      |                 |                   |                 |                            |
| Changes of items during period   |                      |                 |                   |                 |                            |
| Issuance of new shares   | 2,094                | 2,094           |                   |                 | 4,188                      |
| Dividends of surplus   |                      |                 |                   |                 |                            |
| Net income   |                      |                 | 6,058             |                 | 6,058                      |
| Purchase of treasury shares  |                      |                 |                   | (1)             | (1)                        |
| Disposal of treasury shares  |                      |                 |                   |                 |                            |
| Transfer of loss on disposal of treasury shares                                  |                      |                 |                   |                 |                            |
| Net changes of items other than shareholders' equity                             |                      |                 |                   |                 |                            |
| Total changes of items during period   | 2,094                | 2,094           | 6,058             | (1)             | 10,245                     |
| Balance at end of current period   | 18,044               | 2,094           | 3,754             | (62)            | 23,831                     |

|  | Accumulated other comprehensive income                |                                    |   |   |  | Minority interests | Total net assets |
|--|---|------------------------------------|---|---|--|--------------------|------------------|
|  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                    |                  |
| Balance at beginning of current period   | 630   | (23)                               | (2,760)                                 | –                                       | (2,153)                                      | 374                | 11,806           |
| Cumulative effects of changes in accounting policies                             |   |                                    |   |   |  |                    |                  |
| Balance at the beginning of period reflecting the changes in accounting policies |   |                                    |   |   |  |                    |                  |
| Changes of items during period   |   |                                    |   |   |  |                    |                  |
| Issuance of new shares   |   |                                    |   |   |  |                    | 4,188            |
| Dividends of surplus   |   |                                    |   |   |  |                    |                  |
| Net income   |   |                                    |   |   |  |                    | 6,058            |
| Purchase of treasury shares  |   |                                    |   |   |  |                    | (1)              |
| Disposal of treasury shares  |   |                                    |   |   |  |                    |                  |
| Transfer of loss on disposal of treasury shares                                  |   |                                    |   |   |  |                    |                  |
| Net changes of items other than shareholders' equity                             | 186   | 20                                 | 2,065                                   | 44                                      | 2,317  | 640                | 2,957            |
| Total changes of items during period   | 186   | 20                                 | 2,065                                   | 44                                      | 2,317  | 640                | 13,203           |
| Balance at end of current period   | 817   | (3)                                | (695)                                   | 44                                      | 163  | 1,015              | 25,010           |



Fiscal year ended December 31, 2015

(million yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period   | 18,044               | 2,094           | 3,754             | (62)            | 23,831                     |
| Cumulative effects of changes in accounting policies                             |                      |                 | 1,087             |                 | 1,087                      |
| Balance at the beginning of period reflecting the changes in accounting policies | 18,044               | 2,094           | 4,841             | (62)            | 24,918                     |
| Changes of items during period   |                      |                 |                   |                 |                            |
| Issuance of new shares   |                      |                 |                   |                 |                            |
| Dividends of surplus   |                      |                 | (895)             |                 | (895)                      |
| Net income   |                      |                 | 3,853             |                 | 3,853                      |
| Purchase of treasury shares  |                      |                 |                   | (3)             | (3)                        |
| Disposal of treasury shares  |                      | (0)             |                   | 0               | 0                          |
| Transfer of loss on disposal of treasury shares                                  |                      | 0               | (0)               |                 | -                          |
| Net changes of items other than shareholders' equity                             |                      |                 |                   |                 |                            |
| Total changes of items during period   | -                    | -               | 2,958             | (3)             | 2,954                      |
| Balance at end of current period   | 18,044               | 2,094           | 7,800             | (66)            | 27,873                     |

|  | Accumulated other comprehensive income                |                                    |   |   |  | Minority interests | Total net assets |
|--|---|------------------------------------|---|---|--|--------------------|------------------|
|  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                    |                  |
| Balance at beginning of current period   | 817   | (3)                                | (695)                                   | 44                                      | 163  | 1,015              | 25,010           |
| Cumulative effects of changes in accounting policies                             |   |                                    |   |   |  | 7                  | 1,094            |
| Balance at the beginning of period reflecting the changes in accounting policies | 817   | (3)                                | (695)                                   | 44                                      | 163  | 1,022              | 26,104           |
| Changes of items during period   |   |                                    |   |   |  |                    |                  |
| Issuance of new shares   |   |                                    |   |   |  |                    |                  |
| Dividends of surplus   |   |                                    |   |   |  |                    | (895)            |
| Net income   |   |                                    |   |   |  |                    | 3,853            |
| Purchase of treasury shares  |   |                                    |   |   |  |                    | (3)              |
| Disposal of treasury shares  |   |                                    |   |   |  |                    | 0                |
| Transfer of loss on disposal of treasury shares                                  |   |                                    |   |   |  |                    | –                |
| Net changes of items other than shareholders' equity                             | 0   | 3                                  | (453)                                   | 91                                      | (358)  | (223)              | (581)            |
| Total changes of items during period   | 0   | 3                                  | (453)                                   | 91                                      | (358)  | (223)              | 2,372            |
| Balance at end of current period   | 817   | –                                  | (1,148)                                 | 136                                     | (194)  | 799                | 28,477           |

**(4) Consolidated statement of cash flows**

(million yen)

|  | Fiscal year ended<br>December 31, 2014 | Fiscal year ended<br>December 31, 2015 |
|--|--|--|
| <b>Cash flows from operating activities</b>  |  |  |
| Income before income taxes and minority interests  | 7,587                                  | 5,642                                  |
| Depreciation   | 3,115                                  | 2,990                                  |
| Impairment loss  | 59                                     | 32                                     |
| Increase (decrease) in allowance for doubtful accounts                                     | (523)                                  | 137                                    |
| Increase (decrease) in provision for bonuses   | 12                                     | (7)                                    |
| Increase (decrease) in provision for retirement benefits                                   | (5,217)                                | –                                      |
| Increase (decrease) in net defined benefit liability                                       | 5,410                                  | 163                                    |
| Decrease (increase) in net defined benefit asset   | –                                      | (62)                                   |
| Interest and dividend income   | (262)                                  | (275)                                  |
| Interest expenses  | 1,410                                  | 1,321                                  |
| Foreign exchange losses (gains)  | 1,010                                  | 259                                    |
| Loss (gain) on sales and retirement of property, plant and equipment and intangible assets | 61                                     | 15                                     |
| Loss (gain) on valuation of investment securities  | –                                      | 34                                     |
| Decrease (increase) in notes and accounts receivable - trade                               | (3,785)                                | (704)                                  |
| Decrease (increase) in inventories   | (1,770)                                | 6,631                                  |
| Increase (decrease) in notes and accounts payable - trade                                  | 1,519                                  | (3,605)                                |
| Increase (decrease) in notes discounted  | (49)                                   | 117                                    |
| Other, net   | (1,982)                                | (871)                                  |
| Subtotal   | 6,594                                  | 11,820                                 |
| Interest and dividend income received  | 262                                    | 274                                    |
| Interest expenses paid   | (1,421)                                | (1,331)                                |
| Income taxes (paid) refund   | (1,976)                                | (1,838)                                |
| Net cash provided by (used in) operating activities  | 3,459                                  | 8,924                                  |
| <b>Cash flows from investing activities</b>  |  |  |
| Purchase of property, plant and equipment and intangible assets                            | (1,727)                                | (1,402)                                |
| Proceeds from sales of property, plant and equipment and intangible assets                 | 39                                     | 205                                    |
| Purchase of investment securities  | (0)                                    | (0)                                    |
| Proceeds from sales of investment securities   | 4                                      | 0                                      |
| Payments of loans receivable   | (5)                                    | (8)                                    |
| Collection of loans receivable   | 24                                     | 21                                     |
| Other, net   | (203)                                  | (34)                                   |
| Net cash provided by (used in) investing activities  | (1,868)                                | (1,218)                                |
| <b>Cash flows from financing activities</b>  |  |  |
| Net increase (decrease) in short-term loans payable  | (3,206)                                | (3,866)                                |
| Proceeds from long-term loans payable  | 13,552                                 | 9,924                                  |
| Repayments of long-term loans payable  | (13,323)                               | (13,210)                               |
| Redemption of bonds  | (10)                                   | –                                      |
| Proceeds from issuance of subscription rights to shares                                    | 14                                     | –                                      |
| Proceeds from issuance of shares resulting from exercise of subscription rights to shares  | 4,174                                  | –                                      |
| Cash dividends paid  | (0)                                    | (889)                                  |
| Proceeds of sale and installment back  | 674                                    | 57                                     |
| Repayments of sale and installment back payables   | (564)                                  | (638)                                  |
| Other, net   | (474)                                  | (422)                                  |
| Net cash provided by (used in) financing activities  | 837                                    | (9,044)                                |
| Effect of exchange rate change on cash and cash equivalents                                | 617                                    | (275)                                  |
| Net increase (decrease) in cash and cash equivalents                                       | 3,045                                  | (1,613)                                |
| Cash and cash equivalents at beginning of period   | 6,239                                  | 9,285                                  |
| Cash and cash equivalents at end of period   | 9,285                                  | 7,671                                  |

**(5) Notes to consolidated financial statements**  
**(Notes on premise of going concern)**

No items to report.

**(Changes in accounting policies)**

(Application of the Accounting Standard for Retirement Benefits, etc.)

Regarding the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter the “Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015; hereinafter the “Guidance”), effective from the fiscal year ended December 31, 2015, the Company has applied the provisions of the main clauses of Paragraph 35 of the Accounting Standard and Paragraph 67 of the Guidance, reviewed its calculation method for retirement benefit obligations and service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the expected average remaining working lives of employees, to one that uses a single weighted average discount rate reflecting each estimated timing and amount of benefit payment.

Application of the Accounting Standard and Guidance is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard, and the effect of the revision to the calculation method for retirement benefit obligations and service costs has been added to or deducted from retained earnings as of January 1, 2015.

As a result, net defined benefit asset as of January 1, 2015 increased by 806 million yen, net defined benefit liability decreased by 394 million yen and retained earnings increased by 1,087 million yen. The impact of this change on profit and loss for the fiscal year ended December 31, 2015 is immaterial.

## (Segment information, etc.)

[Segment information]

### 1. Outline of reportable segments

The reportable segments of the Company are components of the Company that have separate financial information available and are periodically examined to enable the Board of Directors, etc. to make decisions on the allocation of management resources and evaluate the results of business performance.

The Company consists of segments by product and service, and the reportable segments are the “Sewing Machinery Business” (mainly, the production and sales of industrial sewing machines and household sewing machines) and the “Electronic Assembly Systems Business” (mainly, the production and sales of SMT systems).

### 2. Calculation method for the amounts of net sales, profit/loss, assets, liabilities and other items by reportable segment

The accounting method for reportable business segments is largely the same as the method for preparing consolidated financial statements.

For profit of reportable segments, the ordinary income base figure is used. Inter-segment sales and transfer amounts are decided in consideration of the market price and other factors.

### 3. Information regarding the amounts of net sales, profit/loss, assets, liabilities and other items by reportable segment

Fiscal year ended December 31, 2014 (January 1, 2014 to December 31, 2014) (million yen)

|  | Reportable segment        |                                      |         | Other Businesses (Note 1) | Total   | Adjustments (Note 2) | Amounts reported in the consolidated financial statements (Note 3) |
|--|---------------------------|--------------------------------------|---------|---------------------------|---------|----------------------|--|
|  | Sewing Machinery Business | Electronic Assembly Systems Business | Total   |                           |         |                      |  |
| Net sales  |                           |                                      |         |                           |         |                      |  |
| To external customers  | 77,991                    | 22,432                               | 100,424 | 7,157                     | 107,581 | –                    | 107,581  |
| Inter-segment sales or transfers   | 370                       | 312                                  | 683     | 1,008                     | 1,692   | (1,692)              | –  |
| Total  | 78,362                    | 22,745                               | 101,108 | 8,165                     | 109,273 | (1,692)              | 107,581  |
| Segment profit   | 7,306                     | 71                                   | 7,377   | 323                       | 7,701   | 9                    | 7,710  |
| Segment assets   | 79,885                    | 32,297                               | 112,182 | 10,085                    | 122,268 | 8,482                | 130,751  |
| Other items  |                           |                                      |         |                           |         |                      |  |
| Depreciation (Note 4)  | 1,459                     | 936                                  | 2,395   | 231                       | 2,626   | 488                  | 3,115  |
| Interest income  | 128                       | 51                                   | 180     | 28                        | 209     | (49)                 | 160  |
| Interest expenses  | 1,161                     | 307                                  | 1,468   | 38                        | 1,506   | (96)                 | 1,410  |
| Increase in property, plant and equipment and intangible assets (Note 4) | 1,052                     | 1,382                                | 2,434   | 160                       | 2,594   | 286                  | 2,881  |

(Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the precision casting business (the production and sale of lost-wax products, etc.), the precision processing and assembly business and the IT-related equipment business are classified.

2. Adjustments are as follows:

- (1) The adjustment of 9 million yen for segment profit includes a deduction of 12 million yen in inter-segment eliminations and 21 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administrative functions of the Company that have not been attributed to a reportable segment.
- (2) The adjustment of 8,482 million yen for segment assets includes 30,730 million yen of corporate assets that cannot be allocated to any reportable segment. Corporate assets primarily consist of the Company’s surplus funds (cash and deposits), long-term investment funds (investment securities) and assets and others related to the administrative functions that have not been attributed to a reportable segment.

- (3) The adjustment of 488 million yen for depreciation is mainly an adjustment for depreciation related to the administrative functions of the Company that have not been attributed to a reportable segment.
  - (4) The adjustment of 286 million yen for increases in property, plant and equipment and intangible assets is mainly capital investments of the Company that have not been attributed to a reportable segment.
3. Segment profit is adjusted with ordinary income in the consolidated statement of income.
  4. Depreciation includes the amortized amount of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes the amount of increase in long-term prepaid expenses.

Fiscal year ended December 31, 2015 (January 1, 2015 to December 31, 2015) (million yen)

|  | Reportable segment        |                                      |         | Other Businesses (Note 1) | Total   | Adjustments (Note 2) | Amounts reported in the consolidated financial statements (Note 3) |
|--|---------------------------|--------------------------------------|---------|---------------------------|---------|----------------------|--|
|  | Sewing Machinery Business | Electronic Assembly Systems Business | Total   |                           |         |                      |  |
| Net sales  |                           |                                      |         |                           |         |                      |  |
| To external customers  | 86,147                    | 20,518                               | 106,665 | 6,199                     | 112,865 | –                    | 112,865  |
| Inter-segment sales or transfers   | 468                       | 254                                  | 722     | 919                       | 1,642   | (1,642)              | –  |
| Total  | 86,615                    | 20,772                               | 107,387 | 7,119                     | 114,507 | (1,642)              | 112,865  |
| Segment profit (loss)  | 8,290                     | (1,680)                              | 6,610   | 96                        | 6,706   | (978)                | 5,728  |
| Segment assets   | 74,875                    | 26,499                               | 101,374 | 9,430                     | 110,804 | 8,476                | 119,281  |
| Other items  |                           |                                      |         |                           |         |                      |  |
| Depreciation (Note 4)  | 1,430                     | 888                                  | 2,318   | 223                       | 2,542   | 447                  | 2,990  |
| Interest income  | 118                       | 19                                   | 138     | 35                        | 174     | (46)                 | 127  |
| Interest expenses  | 1,097                     | 277                                  | 1,374   | 37                        | 1,412   | (91)                 | 1,321  |
| Increase in property, plant and equipment and intangible assets (Note 4) | 787                       | 190                                  | 977     | 117                       | 1,094   | 315                  | 1,410  |

- (Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the precision casting business (the production and sale of lost-wax products, etc.), the precision processing and assembly business and the IT-related equipment business are classified.
2. Adjustments are as follows:
- (1) Included in the 978 million yen deducted from segment profit (loss) as adjustment are a deduction of 3 million yen in inter-segment eliminations and a deduction of 974 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administrative functions of the Company that have not been attributed to each reportable segment.
  - (2) The adjustment of 8,476 million yen for segment assets includes 28,676 million yen of corporate assets that cannot be allocated to any reportable segment. Corporate assets primarily consist of the Company’s surplus funds (cash and deposits), long-term investment funds (investment securities) and assets and others related to the administrative functions that have not been attributed to a reportable segment.
  - (3) The adjustment of 447 million yen for depreciation is mainly an adjustment for depreciation related to the administrative functions of the Company that have not been attributed to a reportable segment.
  - (4) The adjustment of 315 million yen for increases in property, plant and equipment and intangible assets is mainly capital investments of the Company that have not been attributed to a reportable segment.
3. Segment profit (loss) is adjusted with ordinary income in the consolidated statement of income.
  4. Depreciation includes the amortized amount of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes the amount of increase in long-term prepaid expenses.

[Related information]

Fiscal year ended December 31, 2014 (January 1, 2014 to December 31, 2014)

1. Information by product and service

Information by product and service is omitted because similar information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(million yen)

| Japan  | Asia   | China  | Americas | Europe | Others | Total   |
|--------|--------|--------|----------|--------|--------|---------|
| 17,065 | 40,413 | 25,444 | 12,499   | 11,193 | 964    | 107,581 |

(Note) Net sales are categorized into countries or regions based on the location of customers.

(2) Property, plant and equipment

(million yen)

| Japan  | China | Others | Total  |
|--------|-------|--------|--------|
| 21,747 | 3,015 | 1,540  | 26,304 |

3. Information on major customers

Information on major customers is omitted because no external customer accounts for 10% or more of net sales in the consolidated statement of income.

Fiscal year ended December 31, 2015 (January 1, 2015 to December 31, 2015)

1. Information by product and service

Information by product and service is omitted because similar information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(million yen)

| Japan  | Asia   | China  | Americas | Europe | Others | Total   |
|--------|--------|--------|----------|--------|--------|---------|
| 16,266 | 46,878 | 23,366 | 14,059   | 10,818 | 1,475  | 112,865 |

(Note) Net sales are categorized into countries or regions based on the location of customers.

(2) Property, plant and equipment

(million yen)

| Japan  | China | Others | Total  |
|--------|-------|--------|--------|
| 21,068 | 2,509 | 1,446  | 25,024 |

3. Information on major customers

Information on major customers is omitted because no external customer accounts for 10% or more of net sales in the consolidated statement of income.

[Information on impairment loss of non-current assets by reportable segment]

Fiscal year ended December 31, 2014 (January 1, 2014 to December 31, 2014)

(million yen)

|                 | Sewing Machinery Business | Electronic Assembly Systems Business | Other Businesses | Company-wide/ Elimination | Total |
|-----------------|---------------------------|--------------------------------------|------------------|---------------------------|-------|
| Impairment loss | –                         | 59                                   | –                | –                         | 59    |

Fiscal year ended December 31, 2015 (January 1, 2015 to December 31, 2015)

(million yen)

|                 | Sewing Machinery Business | Electronic Assembly Systems Business | Other Businesses | Company-wide/ Elimination | Total |
|-----------------|---------------------------|--------------------------------------|------------------|---------------------------|-------|
| Impairment loss | –                         | 32                                   | –                | –                         | 32    |

[Information on amortization and unamortized balance of goodwill by reportable segment]

No items to report.

[Information on gain on bargain purchase by reportable segment]

No items to report.

**(Per share information)**

|                      | Fiscal year ended<br>December 31, 2014<br>January 1, 2014 to<br>December 31, 2014 | Fiscal year ended<br>December 31, 2015<br>January 1, 2015 to<br>December 31, 2015 |
|----------------------|---|---|
| Net assets per share | 804.10 yen  | 927.63 yen  |
| Net income per share | 219.17 yen  | 129.14 yen  |

- (Notes) 1. Diluted net income per share is not presented since no potential shares exist.  
2. The basis of the calculation of net income per share is as follows.

|   | Fiscal year ended<br>December 31, 2014<br>January 1, 2014 to<br>December 31, 2014 | Fiscal year ended<br>December 31, 2015<br>January 1, 2015 to<br>December 31, 2015 |
|---|---|---|
| Net income  | 6,058 million yen   | 3,853 million yen   |
| Amount not attributable to outstanding common share           | –   | –   |
| Net income related to outstanding common shares               | 6,058 million yen   | 3,853 million yen   |
| Average number of outstanding common shares during the period | 27,643,169 shares   | 29,839,414 shares   |

3. The basis of the calculation of net assets per share is as follows.

|  | As of December 31, 2014                | As of December 31, 2015            |
|--|--|------------------------------------|
| Total net assets   | 25,010 million yen                     | 28,477 million yen                 |
| Deduction<br>(Minority interests)  | 1,015 million yen<br>1,015 million yen | 799 million yen<br>799 million yen |
| Net assets at the end of period, related to common shares                | 23,994 million yen                     | 27,678 million yen                 |
| Number of common shares used for the calculation of net assets per share | 29,840,497 shares                      | 29,838,090 shares                  |

4. On July 1, 2015, the Company carried out a one-for-five common share consolidation. Net income per share and net assets per share have been calculated as if the share consolidation had been carried out at the beginning of the fiscal year ended December 31, 2014.

**(Material subsequent events)**

No items to report.