

Summary of Financial Information and Business Results for the Second Quarter of FY2010 ending March 31, 2011 on a consolidated basis (Japanese standards)

Date: November 9, 2010

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 Listed on : Tokyo Stock Exchange (1st Section)
 Security code : 6440
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Date Planned for the Filing of the Quarterly Financial Statements Rep: November 10, 2010 Date Planned for the Start of Dividend Payment : —
 Preparation of Support Documentation : Applied
 Explanatory Meeting : Applied (for institutional investors)

(Rounded down to the nearest million yen)

1. Consolidated financial results for the 2nd quarter of FY2010 ending March 31, 2011 (April 1, 2010 through September 30, 2010)

(1) Consolidated operating results (accumulated)

(Percentage figures denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
2nd quarter of FY2010 ending March 31, 2011	43,363	78.1	151	—	278	—	640	—
2nd quarter of FY2009 ended March 31, 2010	24,353	—	-7,454	—	-7,534	—	-7,494	—

	Net income per share	Diluted net income per share
	yen	yen
2nd quarter of FY2010 ending March 31, 2011	4.96	—
2nd quarter of FY2009 ended March 31, 2010	-57.99	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
2nd quarter of FY2010 ending March 31, 2011	106,230	10,530	9.7	79.54
FY2009 ended March 31, 2010	101,081	10,686	10.3	80.66

(Reference) Shareholders' equity: 2nd quarter of FY2010 ending March 31, 2011: 10,279 million yen; FY2009 ended March 31, 2010: 10,424 million yen

2. Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Financial year end	Annual
	yen	yen	yen	yen	yen
FY2009 ended March 31, 2010	—	0.00	—	0.00	0.00
FY2010 ending March 31, 2011	—	0.00			
FY2010 ending March 31, 2011 (forecast)			—	—	—

(Note) Correction of dividend payment forecast in the 2nd quarter: None

The forecasted amount of dividend for FY2010 ending March 31, 2011 is undecided and is not published at this moment.

3. Business performance forecasts for FY2010 ending March 31, 2011 (April 1, 2010 through March 31, 2011)

(Percentages figures denote year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	83,500	46.6	1,500	—	900	—	500	—	3.87

(Note) Correction of consolidated business performance forecast in the 2nd quarter: None

4. Others (For details, please refer to P.3 "2. Other information" in the attachment.)

(1) Transfer of important subsidiaries during the current quarterly period under review: None

In — (Company name) Out — (Company name

(Note) A transfer of specific subsidiaries resulted in a change in the scope of consolidation in the current quarterly fiscal period under review.

(2) Application of simple accounting treatment and particular accounting treatment: Applied

(Note) Simple accounting treatment and particular accounting treatment are applied in association with the preparation of the quarterly consolidated financial statements.

(3) Changes in accounting principles, accounting procedures, presentation method, etc.

1) Changes due to revisions of the accounting standards, etc.: Applied

2) Changes due to reasons other than those in 1) above: None

(Note) These are changes in accounting principles, accounting procedures, presentation method, etc. in association with the preparation of the quarterly consolidated financial statements. They are stated in detail in "Changes in important items basic to the Preparation of the Quarterly Consolidated Financial Statements. etc."

(4) Number of shares issued (common stock)

1) Total number of shares and number of shares outstanding at the end of the fiscal year (including treasury stock):

2nd quarter of FY2010 ending March 31, 2011	129,370,899 shares	FY2009 ended March 31, 2010	129,370,899 shares
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2) Number of shares of treasury stock at the end of the fiscal year:

2nd quarter of FY2010 ending March 31, 2011	144,100 shares	FY2009 ended March 31, 2010	142,050 shares
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3) Average number of shares during the fiscal year (consolidated and accumulated period of the quarter):

2nd quarter of FY2010 ending March 31, 2011	129,227,828 shares	2nd quarter of FY2009 ended March 31, 2010	129,232,970 shares
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(* Indication of implementation status of procedures for quarterly reviews)

This Summary of Financial Information and Business Results on a quarterly basis is not intended for the procedures for quarterly reviews based on Financial Instruments and Exchange Act. However, the procedures for quarterly reviews for the quarterly consolidated financial statements based on Financial Instruments and Exchange Act was completed at the time of disclosure of

(* Explanation on the appropriate usage of business performance forecasts and other specific matters)

1. The future business forecasts, etc. in this Summary are based on the latest information our company has acquired and certain assumptions judged to be reasonable. There is a possibility that actual achievements, etc. will differ significantly from forecasted performance, depending on various factors.

2. Regrettably, our board of directors has resolved that no dividend would be paid to our shareholders for the first half of FY2010 ending September 30, 2010. And, the forecasted amount of dividend for FY2010 ending March 31, 2011 is undecided and is not published at this moment. Immediately after, taking into account future performance and all of the other relevant factors for FY2010, our board of directors resolves whether our company will pay such dividend per share to the shareholders, we will disclose and publish such resolution to our shareholders.

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1. Qualitative information on the consolidated business performance, etc. during the current quarterly period

(1) Qualitative information on the consolidated business results

Consolidated sales of the current second quarter stood at 43,363 million yen (up 78.1% from the same period of the previous fiscal year), mainly due to robust demand in emerging countries such as China and other countries in Asia. Operating income stood at 151 million yen (versus a deficit of 7,454 million yen in the same period of the previous fiscal year) and ordinary income stood at 278 million yen (versus a deficit of 7,534 million yen in the same period of the previous fiscal year). Moreover, net income stood at 640 million yen (versus a deficit of 7,494 million yen in the same period of the previous fiscal year), mainly due to a gain on sale of fixed assets.

(Overview in our major business segments)

1) Industrial sewing machines business

Consolidated net sales of the entire industrial sewing machine business stood at 26,604 million yen (up 68.0% from the same period of the previous fiscal year), mainly due to expansion of demand in China and other emerging countries.

2. SMT systems business

Consolidated net sales of the entire SMT systems business stood at 11,969 million yen (up 211.3% from the same period of the previous fiscal year), mainly due to rapid growth in demand in China and steady growth in Japan, Europe and the United States.

3. Household sewing machines business

Consolidated net sales of the entire household sewing machine business stood at 1,551 million yen (up 33.0% from the same period of the previous fiscal year), mainly due to favorable growth in sales in Europe and the United States and steady growth in Japan.

(2) Qualitative information on the consolidated financial position

1. Assets, liabilities, and net assets

Total assets of the current second quarter stood at 106,230 million yen, up by 5,148 million yen from the end of the previous fiscal year, mainly due to an increase in inventories and notes and accounts receivable-trade. Liabilities stood at 95,699 million yen, up by 5,304 million yen from the end of the previous fiscal year, mainly due to a decrease in interest-bearing debt and the increase in notes and account payable-trade. Net assets stood at 10,530 million yen, down by 155 million from the end of the previous fiscal year, mainly due to increases in retained earnings and negative foreign currency translation adjustment attributable to the stronger yen.

2. Analysis of the status of cash flow

Cash flow from operating activities was an income of 2,126 million yen mainly derived from an increase in notes and accounts payable-trade.

Cash flow from investing activities was an income of 837 million yen mainly for the sale of tangible fixed assets.

Cash flow from financing activities was a disbursement of 1,698 million yen mainly derived from a decrease in interest-bearing debt.

(3) Qualitative information on the consolidated business performance forecast

In our half-year business performance on November 4, 2010, we announced that we expected the rapid appreciation of the yen, fluctuations in raw material costs, and other uncertainties to persist in the market. We still hold this view and have not changed the full-year business performance forecast we announced on August 6, 2010.

2. Other information

(1) Outline of the transfer of important subsidiaries

None

(2) Outline of simple accounting treatment and particular accounting treatment

(Simple accounting treatment)

1) Elimination of unrealized income and loss

The amount of inventory assets in stock at the end of the quarter and the gain and loss ratios are calculated based on rational estimations.

2) Method for calculating deferred tax assets and liabilities

The collectibility of deferred tax assets is judged using the same business forecast and tax planning conditions that were used in the previous consolidated fiscal year, with additional consideration of the influences of the changes in the managerial environment in the current consolidated fiscal year.

(Particular accounting treatment in association with the preparation of quarterly consolidated financial statements)

Calculation of tax expenses

The normal effective tax rate is rationally estimated after applying the tax effect accounting to the net income before tax for the current consolidated fiscal year. Thereafter, tax expenses are computed by multiplying quarterly net income by the normal effective tax rate, etc.

(3) Outline of changes in accounting principles, accounting procedures, presentation method, etc.

1) Changes in accounting standards

Application of "Accounting standards concerning asset retirement obligations," etc.

The "Accounting standards concerning asset retirement obligations" (Corporate Accounting Standards No. 18 dated March 31, 2008) and the "Application guideline of accounting standards concerning asset retirement obligations" (Corporate Accounting Standards Application Guideline No. 21 dated March 31, 2008) have been applied since the consolidated cumulative period of the current first quarter.

The treatment has no significant influence on operating income, ordinary income, or net income before taxes of the quarter.

2) Change in presentation method

(In relation to the quarterly consolidated statements of income)

i) Through the application of the Cabinet Office regulations on the partial revision of the rules, etc. of financial statements, etc. (No. 5 of the Cabinet Office regulations dated March 24, 2009) based on the "Accounting standards concerning consolidated financial statements" (Corporate accounting standards No. 22 dated December 26, 2008), "Net income before minority interests" is presented as an item in the Consolidated Statements of Income of the current second quarter.

(In relation to the quarterly statements of cash flows)

"Payment for business reorganization" (11 million yen in the Consolidated Statements of Income for the current second quarter), an item presented as a portion of Cash flow separate from operating activities in the Consolidated Statements of Income for the previous second quarter, has decreased in importance in monetary terms and is therefore presented in the "Others" portion of Cash flow from operating activities in the Consolidated Statements of Income for the current second quarter.

"Gain from disposal and sale of fixed assets, " an item presented in the "Others" portion of Cash flow from operating activities for the second quarter of the previous fiscal year, has grown in importance in monetary terms and is therefore presented as a separate item in the Consolidated Statements of Cash Flows for the current second quarter. Besides, the "Gain from disposal and sale of fixed assets, " an item presented in the "Others" portion of Cash flow from operating activities for the second quarter of the previous year is 44 million yen.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

Consolidated Balance Sheets of the Second Quarter

(Unit: Million yen)

	End of the 2nd Quarter of FY2010 consolidated (as of September 30, 2010)	Summarized Consolidated Financial Statements of FY2009 (as of March 31, 2010)
Assets		
Current assets		
Cash and deposits	9,365	8,348
Notes and accounts receivable-trade	16,078	13,153
Marketable securities	—	6
Inventories, merchandise and products	22,724	20,064
Work in process	5,069	4,724
Raw materials and supplies	6,152	4,508
Others	4,938	6,140
Allowance for doubtful accounts	-1,015	-1,095
Total current assets	63,314	55,851
Fixed assets		
Tangible fixed assets		
Buildings and structures-net	18,703	19,683
Land	7,544	7,584
Others-net	5,408	5,643
Total tangible fixed assets	31,656	32,911
Intangible fixed assets	2,015	2,302
Investments and other assets		
Others	10,108	11,592
Allowance for doubtful accounts	-864	-1,576
Total investments and other assets	9,243	10,015
Total fixed assets	42,915	45,229
Total assets	106,230	101,081
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,685	11,003
Short-term borrowings	41,367	42,197
Corporate bonds redeemable within 1 year	540	540
Income taxes payable, etc.	543	133
Reserve for bonuses	732	683
Others	6,122	5,579
Total current liabilities	66,991	60,137
Fixed liabilities		
Corporate bonds	100	120
Long-term borrowings	19,744	21,915
Reserve for retirement benefits	6,490	6,541
Accrued retirement benefits for Directors and Corporate Auditors	162	387
Others	2,210	1,293
Total fixed liabilities	28,708	30,257
Total liabilities	95,699	90,395

(Unit: Million yen)

	End of the 2nd Quarter of FY2010 consolidated (as of September 30, 2010)	Summarized Consolidated Financial Statements of FY2009 (as of March 31, 2010)
Net assets		
Shareholders' equity		
Capital stock	15,950	15,950
Capital surplus	—	8,976
Retained earnings	778	-8,839
Treasury stock	-57	-57
Total shareholders' equity	16,670	16,030
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	55	16
Deferred gains or losses on hedges	-139	-99
Foreign currency translation adjustment	-6,307	-5,523
Total valuation and translation adjustments	-6,391	-5,605
Minority interests	251	261
Total net assets	10,530	10,686
Total liabilities and net assets	106,230	101,081

(2) Quarterly Consolidated Statements of Income
Consolidated Statements of Income of the Second Quarter

(Unit: Million yen)

	End of the 2nd Quarter of FY2009 (From April 1 through September 30, 2009)	End of the 2nd Quarter of FY2010 (From April 1 through September 30, 2010)
Net sales	24,353	43,363
Cost of sales	21,163	32,735
Gross profit	3,189	10,627
Selling, general and administrative expenses	10,644	10,476
Operating income (loss)	-7,454	151
Non-operating income		
Interest income	111	63
Dividends income	157	106
Foreign exchange gains	249	359
Others	437	347
Total non-operating income	955	876
Non-operating expenses		
Interest expenses	587	646
Syndicated loan commission	392	47
Others	57	55
Total non-operating expenses	1,036	749
Ordinary income (loss)	-7,534	278
Extraordinary income		
Gain on sale of fixed assets	27	1,893
Exchange gains from capital reduction of subsidiaries	173	—
Others	18	83
Total extraordinary income	219	1,976
Extraordinary loss		
Loss on sale and disposal of fixed assets	71	25
Impairment loss	124	134
Valuation loss on investment securities	133	291
Special retirement expenses	127	68
Others	171	64
Total extraordinary loss	628	584
Net income (loss) before taxes	-7,943	1,671
Corporate income tax, inhabitants tax, and enterprise taxes	-2,985	537
Corporate tax adjustments	2,549	496
Total income taxes	-436	1,034
Net income before minority interests	—	636
Minority interests (loss)	-12	-3
Net income (loss)	-7,494	640

(3) Quarterly Consolidated Statements of Cash Flows
Consolidated Statements of Cash Flows for the Second Quarter

(Unit: Million yen)

	End of the 2nd Quarter of FY2009 (From April 1 through September 30, 2009)	End of the 2nd Quarter of FY2010 (From April 1 through September 30, 2010)
Cash flow from operating activities		
Net income (loss) before taxes	-7,943	1,671
Depreciation and amortization	1,603	1,864
Impairment loss	124	134
Increase (Decrease) in allowance for doubtful accounts	-64	-742
Increase (Decrease) of reserve for retirement benefits	-117	-42
Increase (Decrease) of reserve for bonuses	-189	51
Interest and dividends income	-268	-169
Interest expenses	587	646
Gain (loss) from disposal and sale of fixed assets	—	-1,867
Decrease (Increase) in notes and accounts receivable-trade	2,174	-4,552
Decrease (Increase) in inventories	6,061	-5,705
Increase (Decrease) in notes and accounts payable-trade	55	6,797
Increase (Decrease) in accrued consumption taxes	1	-192
Increase (Decrease) in notes discounted	-210	926
Others	-1,650	3,855
Subtotal	162	2,676
Interest and dividends income received	270	164
Interest expenses paid	-572	-616
Payments for business reorganization	-684	—
Income taxes paid or return of income taxes	1,036	-97
Cash flow from operating activities	212	2,126
Cash flow from investing activities		
Purchase of tangible and intangible fixed assets	-5,856	-1,762
Proceeds from sale of tangible and intangible fixed assets	33	2,478
Others	-245	121
Cash flow from investing activities	-6,068	837
Cash flow from financing activities		
Increase (Decrease) in short-term borrowings-net	-2,722	-1,473
Proceeds from long-term debt	10,350	5,444
Repayments of long-term debt	-4,023	-6,670
Payment for redemption of bonds	-20	-20
Cash dividends paid	-3	-2
Proceeds from sale-installmentback transactions	—	1,195
Debt retirement of sale-installmentback	—	-26
Others	164	-145
Cash flow from financing activities	3,744	-1,698
Effect of exchange rate changes on cash and cash equivalents	212	-297
Net increase (decrease) in cash and cash equivalents	-1,898	967
Cash and cash equivalents at the beginning of the fiscal year	8,925	8,291
Cash and cash equivalents at the end of the 1st quarter	7,027	9,259

(4) Notes Concerning the Premise of a Going Concern
None

(5) Segment Information

[Segment information by business]

2nd Quarter of FY2009 consolidated (April 1, 2009 through September 30, 2009) (Unit: Million yen)

	Industrial Sewing Machines	SMT Systems	Household Sewing Machines	Electronic Equipment and Computer Peripherals	Precision Casting	Others	Total	Intersegment Elimination and/or Unallocated Amount	Consolidated
Net sales									
(1) Sales to external customers	15,839	3,844	1,166	1,281	1,523	698	24,353	—	24,353
(2) Intersegment sales or transfer	177	134	215	94	15	134	772	(772)	—
Total	16,016	3,979	1,382	1,376	1,539	832	25,126	(772)	24,353
Operating loss	-3,486	-2,670	-242	-97	-4	-67	-6,569	(884)	-7,454

(Notes) 1. The business segments are based on the classification used by the Company internally for its business.

2. Principal products by business segment are as follows:

- | | |
|---|---|
| (1) Industrial Sewing Machines Business: | Industrial sewing machines |
| (2) SMT Systems Business: | Pick-and-placers |
| (3) Household Sewing Machines Business: | Household sewing machines |
| (4) Electronic Equipment and Computer Peripherals Business: | Arcade machines, IT-related equipment, etc. |
| (5) Precision Casting Business: | Lost-wax products, MIM (Metal Injection Molding) products |
| (6) Others: | Dies and molds, press products, etc. |

[Geographical Segments Information]

2nd Quarter of FY2009 (April 1, 2009 through September 30, 2009) (Unit: Million yen)

	Japan	Americas	Asia	Europe	Total	Intersegment Elimination and/or Unallocated	Consolidated
Net sales							
(1) Sales to customers	7,576	2,009	12,454	2,315	24,353	—	24,353
(2) Intersegment sales	8,466	43	2,043	48	10,602	(10,602)	—
Total	16,041	2,052	14,497	2,364	34,955	(10,602)	24,353
Operating loss	-6,024	-194	-954	-50	-7,223	-230	-7,454

[Overseas Sales]

2nd Quarter of FY2009 consolidated (April 1, 2009 through September 30, 2009) (Unit: Million yen)

	Americas	Asia	Europe	Others	Total
I Overseas sales	2,040	12,912	2,549	34	17,537
II Consolidated sales	—	—	—	—	24,353
III Percentage of overseas sales in consolidated sales	8.4%	53.0%	10.5%	0.1%	72.0%

[Segment information]

1. Outline of segments to be reported

For some of the segments reported by the company, the financial information is available separately from the financial information on the main units of the company. The Board of Directors decides on the distribution of resources, evaluates achievements, and studies other issues with regards to these segments.

Our company is composed of the segments grouped by product and by service, and assumes that the following three business units are segments to be reported: the "Industrial Sewing Machines business" (mainly manufactures and distributes industrial sewing machines), the "SMT Systems business" (mainly manufactures and distributes pick-and-placers), and the "Household Sewing Machines business" (mainly manufactures and distributes household sewing

2. Information on net sales and profit and loss amount to be reported by segment

2nd Quarter of FY2010 consolidated (April 1, 2010 through September 30, 2010) (Unit: Million yen)

	Segments to be reported				Others (Note 1)	G. Total	Adjustment (Note 2)	Consolidated Statement of Income of the Quarter (Note 3)
	Industrial Sewing Machines	SMT Systems	Household Sewing Machines	S. Total				
Net sales								
(1) Sales to external customers	26,604	11,969	1,551	40,125	3,238	43,363	—	43,363
(2) Intersegment sales or transfer	312	188	17	519	1,102	1,622	-1,622	—
Total	29,916	12,158	1,569	40,644	4,340	44,985	-1,622	43,363
Profit by segment	617	442	27	1,087	289	1,377	-1,098	278

- (Notes) 1. Some segments in "Others" are not included among the segments to be reported. These segments include the precision casting business (manufactures and distributes lost-wax products etc.), IT-related business, the dies and molds /press working business, etc.
2. The negative 1,098 million yen in profit adjustments by segment includes negative 22 million yen in eliminations in intersegment transactions and negative 1,075 million yen in corporate expenses not allocated to segments. These corporate expenses are mainly related to the administration department in our company, an organization positioned independently from any segments to be reported.
3. The profit by segment is adjusted with the ordinary income on the Quarterly Consolidated Statements of Income.

3. Information on impairment loss of fixed assets or goodwill, etc. to be reported by segment

None

(Additional information)

The "Accounting standards concerning the disclosure of segment information, etc." (Corporate Accounting Standards No. 17 dated March 27, 2009) and the "Application guideline for accounting standards concerning the disclosure of segment information etc." (Corporate Accounting Standards Application Guideline No. 20 dated March 21, 2008) have been applied since the consolidated fiscal period of the current first quarter.

(6) Notes when there are remarkable changes in the amount of shareholders' equity

None