(Reference Translation)

August 3, 2016

Summary of Financial Information and Business Results for the First Six Months of Fiscal Year 2016 Ending December 31, 2016 on a Consolidated Basis <under Japanese GAAP>

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Listing: First Section of the Tokyo Stock Exchange
Securities code: 6440
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Scheduled date to file the quarterly securities report: August 4, 2016
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly 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 first six months of fiscal year 2016 ending December 31, 2016 (January 1, 2016 to June 30, 2016)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	million yen	%	million yen	%	million yen	%	million yen	%
June 30, 2016	50,991	(11.1)	2,028	(52.0)	606	(84.6)	(232)	–
June 30, 2015	57,369	13.1	4,227	14.8	3,943	12.3	2,719	5.9

Note: Comprehensive income
Six months ended June 30, 2016: (3,928) million yen [– %]
Six months ended June 30, 2015: 3,225 million yen [95.6 %]

	Basic earnings per share	Diluted earnings per share
Six months ended	yen	yen
June 30, 2016	(7.86)	–
June 30, 2015	91.14	–

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
June 30, 2016	106,455	23,256	21.3
December 31, 2015	119,281	28,477	23.2

Reference: Equity As of June 30, 2016: 22,713 million yen
As of December 31, 2015: 27,678 million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2015	–	2.00	–	25.00	–
Fiscal year ending December 31, 2016	–	0.00			
Fiscal year ending December 31, 2016 (Forecast)			–	20.00	20.00

Note: Revisions to the dividend forecasts most recently announced: Yes

* On July 1, 2015, the Company carried out a one-for-five common share consolidation. Consequently, the interim dividend for the fiscal year ended December 31, 2015 is 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 (January 1, 2016 to 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	%	yen
Fiscal year ending December 31, 2016	104,000	(7.9)	4,200	(40.9)	2,400	(58.1)	1,000	(74.0)	33.80

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

*** Notes**

(1) Changes in significant subsidiaries during the six months under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
Note: For a detailed description, please refer to "(2) Application of special accounting for preparing quarterly consolidated financial statements" of "2. Matters regarding summary information (Notes)" on page 4 of the [Attached Material].

(3) 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 "(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections" of "2. Matters regarding summary information (Notes)" on page 4 of the [Attached Material].

(4) Number of issued shares (common shares)

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

As of June 30, 2016	29,874,179 shares
As of December 31, 2015	29,874,179 shares

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

As of June 30, 2016	577,001 shares
As of December 31, 2015	36,089 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2016	29,589,321 shares
Six months ended June 30, 2015	29,840,226 shares

* On July 1, 2015, the Company carried out a one-for-five common share consolidation. The average number of shares during the period of six months ended June 30, 2015 (cumulative from the beginning of the fiscal year) has been calculated as if the share consolidation had been carried out at the beginning of the fiscal year ended December 31, 2015.

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures under the Financial Instruments and Exchange Act, and at the time of disclosure hereof, the quarterly review procedures for quarterly consolidated financial statements under the Financial Instruments and Exchange Act have 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 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).

[Attached Material]

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1. Qualitative information regarding consolidated performance for the first six months

(1) Explanation regarding operating results

In the six months ended June 30, 2016, the Company has taken steps to construct a solid business foundation and expand areas of business, strengthening solution selling and widening the scope of activities for proposing automation and labor-saving solutions to our customers. Nevertheless, net sales were 50,991 million yen (down by 11.1% from the same period of the previous fiscal year), mainly due to the yen's rapid appreciation the main factors behind which are the United Kingdom leaving the European Union in addition to the Federal funds rate remaining low, etc. as a sense of uncertainty heightened over the global economy with the slowdown in the Chinese economy and low oil prices, etc., and the world economy remains stagnant.
With respect to profits, despite the cost reduction effects in the areas of production, operating income was 2,028 million yen (down by 52.0% from the same period of the previous fiscal year), mainly due to the drop in sales and lower rates of return. Ordinary income was 606 million yen (down by 84.6% from the same period of the previous fiscal year), mainly due to foreign exchange losses incurred as non-operating expenses on revaluation of receivables amid a significant shift to appreciation of the yen against the U.S. dollar compared with the previous fiscal year-end. As a result, loss attributable to owners of parent was 232 million yen (profit attributable to owners of parent was 2,719 million yen in the same period of the previous fiscal year), mainly due to tax expenses of 495 million yen resulting from a revision of recoverability of deferred tax assets.

(Business overview by primary segment)
a. Sewing Machinery Business
In regard to geographic market, sales increased in emerging countries such as Bangladesh and India but languished in China and the Americas. In terms of product, although solution selling of automated sewing machines and spare parts was well, the yen was strong compared to the same period of the previous fiscal year. As a result, net sales of the Sewing Machinery Business as a whole were 39,476 million yen (down by 8.0% from the same period of the previous fiscal year), and segment profit was 3,421 million yen (down by 22.8% from the same period of the previous fiscal year).

b. Electronic Assembly Systems Business
In regard to geographic market, sales decreased in our largest market of China, and in the Americas. In terms of product, growth achieved in sales of our new-type mounter, inspection machine and labor-saving systems, which were rolled out under our line solutions strategy, did not make up for a drop in sales of our existing mounters. As a result, net sales of the Electronic Assembly Systems Business as a whole were 8,274 million yen (down by 27.4% from the same period of the previous fiscal year). Segment loss was 1,086 million yen (segment loss was 214 million yen in the same period of the previous fiscal year), mainly reflecting the decline in sales and lower rates of return for profits due to competition with rival companies, although structural reform to improve profitability brought about certain effect in reducing costs. Looking ahead, we will achieve even further cost reduction through structural reforms while expanding sales in order to return to profitability.

(2) Explanation regarding financial position

a. Assets, liabilities and net assets
Total assets as of June 30, 2016 were 106,455 million yen, a decrease of 12,825 million yen compared to the previous fiscal year-end. This was mainly due to a decrease in inventories. Liabilities were 83,198 million yen, a decrease of 7,604 million yen compared to the previous fiscal year-end. This primarily reflected a decrease in short-term and long-term loans payable. Net assets were 23,256 million yen, a decrease of 5,220 million yen compared to the previous fiscal year-end. This was mainly due to purchases of treasury shares combined with a higher negative value in foreign currency translation adjustment due to the appreciation of the yen. Consequently, the equity ratio was 21.3%, a decrease of 1.9 percentage points over that of the previous fiscal year-end.

b. Analysis of cash flows

Net cash provided by operating activities was 7,808 million yen (4,232 million yen provided in the same period of the previous fiscal year). This mainly reflected a decrease in inventories.

Net cash used in investing activities was 246 million yen (544 million yen used in the same period of the previous fiscal year). This was mainly the result of purchase of property, plant and equipment and intangible assets.

Net cash used in financing activities was 6,231 million yen (3,306 million yen used in the same period of the previous fiscal year), mainly due to a decrease in short-term and long-term loans payable, and cash dividends paid.

As a result, cash and cash equivalents were 7,913 million yen, an increase of 242 million yen compared to the previous fiscal year-end.

(3) Explanation regarding forward-looking statements such as consolidated earnings forecasts

The consolidated earnings forecasts for the fiscal year ending December 31, 2016 have been revised from those previously announced on February 10, 2016. Revised forecast of net sales are 104,000 million yen, operating income is 4,200 million yen, ordinary income is 2,400 million yen, and profit attributable to owners of parent is 1,000 million yen. The revision reflects earnings of the first half of the fiscal year and the assumption that the sluggish demand in China in capital investment will continue in the Electronic Assembly Systems Business, although earnings are firm for the Sewing Machinery Business.

The assumed foreign exchange rate in the consolidated earnings forecast has been revised from 110 yen to 1 U.S. dollar and 130 yen to 1 euro in the initial forecast to 105 yen to 1 U.S. dollar and 110 yen to 1 euro in the second half of the fiscal year ending December 31, 2016.

With respect to the interim dividend, the initially announced forecast was 10 yen per share. However, after considering the results for the first six months ended June 30, 2016, the Company, with sincere regret, has decided not to pay an interim dividend. In light of the revised full-year forecast, the year-end dividend forecast has been revised from 25 yen per share to 20 yen per share.

For further details, please see separate press release disclosed today, entitled Notice of "Differences Between Consolidated Earnings Forecasts and Actual Results for the Six Months ended June 30, 2016," "Revision to Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2016," and "Revision to the Interim Dividend and Revision to the Year-end Dividend Forecasts."

2. Matters regarding summary information (Notes)

(1) Changes in significant subsidiaries during the six months under review

No items to report.

(2) Application of special accounting for preparing quarterly consolidated financial statements

(Calculation of taxes)
Taxes are calculated by reasonably estimating the effective tax rate after application of tax effect accounting to profit before income taxes for the fiscal year, and multiplying the quarterly profit before income taxes by such estimated effective tax rate.

It should be noted that income taxes-deferred are included in income taxes.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

Changes in accounting policies

(Application of Accounting Standard for Business Combinations, etc.)
Effective from the first quarter ended March 31, 2016, the Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter the "Accounting Standard for Business Combinations"), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter the "Accounting Standard for Consolidated Financial Statements"), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter the "Accounting Standard for Business Divestitures"), etc. As a result, the method of recording has been changed; the amount of difference caused by changes in the Company's ownership interests in the subsidiaries under ongoing control of the Company is recorded as capital surplus, and acquisition-related costs are recorded as expenses for the fiscal year in which they are incurred. Furthermore, the accounting method has been changed; for business combinations carried out on or after the beginning of the first quarter ended March 31, 2016, the revision of the acquisition cost allocation according to the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of the business combination belongs. In addition, the presentation method has been changed; "Net income" has been changed to "Profit attributable to owners of parent", "Income before minority interests" has been changed to "Profit", and "Minority interests" has been changed to "Non-controlling interests." To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the first six months of the previous fiscal year and the previous fiscal year.
Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company applied the said standards prospectively from the beginning of the first quarter ended March 31, 2016.
The impact on quarterly consolidated financial statements for the second quarter under review is immaterial.

(Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)
Following the revision to the Corporation Tax Act, the Company has applied the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (ASBJ PITF No. 32, June 17, 2016) from the second quarter ended June 30, 2016, and changed the depreciation method for building fixtures and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.
The impact from this change on operating income, ordinary income and profit before income taxes for the six months ended June 30, 2016 is immaterial.

3. Quarterly consolidated financial statements

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2015	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	7,906	7,931
Notes and accounts receivable - trade	31,263	26,949
Inventories	42,647	35,216
Other	5,541	6,186
Allowance for doubtful accounts	(400)	(321)
Total current assets	86,958	75,962
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,844	13,212
Land	6,656	6,656
Other, net	4,523	4,034
Total property, plant and equipment	25,024	23,903
Intangible assets	1,797	1,528
Investments and other assets		
Other	7,297	6,698
Allowance for doubtful accounts	(1,795)	(1,636)
Total investments and other assets	5,501	5,062
Total non-current assets	32,323	30,493
Total assets	119,281	106,455
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,126	10,782
Short-term loans payable	46,870	41,117
Income taxes payable	745	523
Provision for bonuses	60	33
Other	6,632	6,365
Total current liabilities	64,436	58,823
Non-current liabilities		
Long-term loans payable	20,101	18,412
Provision for directors' retirement benefits	171	68
Net defined benefit liability	5,084	5,076
Other	1,009	817
Total non-current liabilities	26,367	24,375
Total liabilities	90,803	83,198

(million yen)

	As of December 31, 2015	As of June 30, 2016
Net assets		
Shareholders’ equity		
Capital stock	18,044	18,044
Capital surplus	2,094	2,094
Retained earnings	7,800	6,821
Treasury shares	(66)	(605)
Total shareholders’ equity	27,873	26,355
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	817	473
Foreign currency translation adjustment	(1,148)	(4,239)
Remeasurements of defined benefit plans	136	124
Total accumulated other comprehensive income	(194)	(3,642)
Non-controlling interests	799	543
Total net assets	28,477	23,256
Total liabilities and net assets	119,281	106,455

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

Consolidated statement of income (cumulative)

(million yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Net sales	57,369	50,991
Cost of sales	39,273	35,995
Gross profit	18,096	14,996
Selling, general and administrative expenses	13,869	12,967
Operating income	4,227	2,028
Non-operating income		
Interest income	83	16
Dividend income	88	91
Reversal of allowance for doubtful accounts	14	165
Other	317	277
Total non-operating income	504	551
Non-operating expenses		
Interest expenses	682	615
Foreign exchange losses	36	1,308
Other	69	48
Total non-operating expenses	789	1,973
Ordinary income	3,943	606
Extraordinary income		
Gain on sales of non-current assets	9	367
Total extraordinary income	9	367
Extraordinary losses		
Loss on sales and retirement of non-current assets	13	106
Impairment loss	–	105
Other	1	17
Total extraordinary losses	14	230
Profit before income taxes	3,937	744
Income taxes	1,227	1,116
Income taxes for prior periods	–	53
Profit (loss)	2,710	(425)
Loss attributable to non-controlling interests	(9)	(193)
Profit (loss) attributable to owners of parent	2,719	(232)

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Profit (loss)	2,710	(425)
Other comprehensive income		
Valuation difference on available-for-sale securities	216	(345)
Deferred gains or losses on hedges	3	−
Foreign currency translation adjustment	265	(3,146)
Remeasurements of defined benefit plans, net of tax	29	(11)
Total other comprehensive income	514	(3,503)
Comprehensive income	3,225	(3,928)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,231	(3,680)
Comprehensive income attributable to non-controlling interests	(6)	(248)

(3) Consolidated statement of cash flows

(million yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Cash flows from operating activities		
Profit before income taxes	3,937	744
Depreciation	1,514	1,337
Impairment loss	–	105
Increase (decrease) in allowance for doubtful accounts	41	(181)
Increase (decrease) in net defined benefit liability	110	4
Decrease (increase) in net defined benefit asset	(41)	(1)
Increase (decrease) in provision for bonuses	(7)	(20)
Interest and dividend income	(172)	(108)
Interest expenses	682	615
Foreign exchange losses (gains)	106	(884)
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	4	(261)
Decrease (increase) in notes and accounts receivable - trade	(298)	678
Decrease (increase) in inventories	3,419	2,470
Increase (decrease) in notes and accounts payable - trade	(2,497)	1,329
Increase (decrease) in notes discounted	60	(211)
Other, net	(1,102)	3,635
Subtotal	5,757	9,252
Interest and dividend income received	171	108
Interest expenses paid	(690)	(618)
Income taxes (paid) refund	(1,006)	(934)
Net cash provided by (used in) operating activities	4,232	7,808
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(668)	(832)
Proceeds from sales of property, plant and equipment and intangible assets	26	471
Other, net	98	114
Net cash provided by (used in) investing activities	(544)	(246)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,712)	(2,225)
Proceeds from long-term loans payable	6,800	3,750
Repayments of long-term loans payable	(7,291)	(6,025)
Purchase of treasury shares	(1)	(538)
Cash dividends paid	(592)	(741)
Repayments of sale and installment back payables	(317)	(327)
Other, net	(190)	(122)
Net cash provided by (used in) financing activities	(3,306)	(6,231)
Effect of exchange rate change on cash and cash equivalents	95	(1,088)
Net increase (decrease) in cash and cash equivalents	478	242
Cash and cash equivalents at beginning of period	9,285	7,671
Cash and cash equivalents at end of period	9,764	7,913

(4) Notes on quarterly consolidated financial statements
(Notes on premise of going concern)

No items to report.

(Notes on significant changes in the amount of shareholders' equity)

The Company purchased 540,800 treasury shares as resolved at the meeting of the Board of Directors held on March 17, 2016. As a result, in the six months ended June 30, 2016, the Company increased its holdings of treasury shares by 538 million yen, which includes acquisitions made through Company's purchases of shares less than one unit. Accordingly, the Company's holdings of treasury shares amounted to 605 million yen as of June 30, 2016.

(Segment information, etc.)

1. Information regarding the amounts of net sales and profit/loss by reportable segment

Six months ended June 30, 2015 (January 1, 2015 to June 30, 2015) (million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Sewing Machinery Business	Electronic Assembly Systems Business	Total				
Net sales							
To external customers	42,904	11,403	54,308	3,061	57,369	–	57,369
Inter-segment sales or transfers	149	138	288	449	737	(737)	–
Total	43,054	11,541	54,596	3,510	58,106	(737)	57,369
Segment profit (loss)	4,429	(214)	4,215	84	4,299	(356)	3,943

(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. Included in the 356 million yen deducted from segment profit (loss) as adjustment are a deduction of 5 million yen in inter-segment eliminations and a deduction of 350 million yen in corporate loss that cannot be allocated to any reportable segment. The corporate loss mainly consists of costs related to the administrative functions of the Company that have not been attributed to a reportable segment and foreign exchange losses that have not been attributed to a reportable segment.
3. Segment profit (loss) is adjusted with ordinary income in the quarterly consolidated statement of income.

Six months ended June 30, 2016 (January 1, 2016 to June 30, 2016) (million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Sewing Machinery Business	Electronic Assembly Systems Business	Total				
Net sales							
To external customers	39,476	8,274	47,750	3,240	50,991	–	50,991
Inter-segment sales or transfers	42	75	118	447	566	(566)	–
Total	39,519	8,349	47,869	3,688	51,557	(566)	50,991
Segment profit (loss)	3,421	(1,086)	2,334	(205)	2,129	(1,523)	606

(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. Included in the 1,523 million yen deducted from segment profit (loss) as adjustment are 9 million yen in inter-segment eliminations and a deduction of 1,532 million yen in corporate loss that cannot be allocated to any reportable segment. The corporate loss mainly consists of costs related to the administrative functions of the Company that have not been attributed to a reportable segment and foreign exchange losses that have not been attributed to a reportable segment.
3. Segment profit (loss) is adjusted with ordinary income in the quarterly consolidated statement of income.

2. Information regarding loss on impairment of non-current assets and goodwill by reportable segment

(Significant impairment loss on non-current assets)

In the six months ended June 30, 2016, impairment losses comprising 105 million yen in assets of other segments are recorded as extraordinary loss.

3. Matters regarding changes in reportable segments

As stated in changes in accounting policies, following the revision to the Corporation Tax Act, the Company changed the depreciation method for building fixtures and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method. Therefore, the depreciation method used for business segments has been changed in the same way from the second quarter ended June 30, 2016.

The impact from this change on segment profit (loss) for the six months ended June 30, 2016 is immaterial.