

**Summary of Financial Information and Business Results
for the Fiscal Year 2017 Ended December 31, 2017
on a Consolidated Basis
<under Japanese GAAP>**

Company name: **JUKI Corporation**
 Listing: First Section of the Tokyo Stock Exchange
 Securities code: 6440
 URL: <http://www.juki.co.jp/>
 Representative: Akira Kiyohara, President
 Inquiries: Masahiko Suzuki, Corporate Officer and General Manager of Finance & Accounting Department
 TEL: +81-42-357-2211

Scheduled date of Ordinary General Meeting of Shareholders: March 26, 2018
 Scheduled date to commence dividend payments: March 27, 2018
 Scheduled date to file the securities report: March 27, 2018
 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 2017 ended December 31, 2017
(January 1, 2017 to December 31, 2017)**

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2017	103,659	6.1	8,156	75.3	7,839	159.4	5,642	199.6
December 31, 2016	97,724	(13.4)	4,651	(34.6)	3,022	(47.2)	1,883	(51.1)

Note: Comprehensive income Fiscal year ended December 31, 2017: 6,373 million yen [– %]
 Fiscal year ended December 31, 2016: 396 million yen [(87.9) %]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	yen	yen	%	%	%
December 31, 2017	192.61	–	18.9	7.1	7.9
December 31, 2016	63.94	–	6.9	2.6	4.8

Reference: Equity in earnings (losses) of affiliates Fiscal year ended December 31, 2017: – million yen
 Fiscal year ended December 31, 2016: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	million yen	million yen	%	yen
December 31, 2017	110,554	33,343	29.6	1,117.07
December 31, 2016	111,365	27,582	24.2	921.78

Reference: Equity As of December 31, 2017: 32,726 million yen

As of December 31, 2016: 27,005 million yen

(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, 2017	10,488	(1,756)	(10,373)	6,335
December 31, 2016	9,818	(1,046)	(8,100)	7,892

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, 2016	–	0.00	–	20.00	20.00	585	31.3	2.2
Fiscal year ended December 31, 2017	–	0.00	–	35.00	35.00	1,025	18.2	3.4
Fiscal year ending December 31, 2018 (Forecast)	–	0.00	–	25.00	25.00		20.9	

* Breakdown of year-end dividends for the fiscal year ended December 31, 2017:

Ordinary dividend: 25.00 yen; commemorative dividend: 10.00 yen

3. Consolidated earnings forecasts for the fiscal year 2018 ending December 31, 2018 (January 1, 2018 to December 31, 2018)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Six months ending June 30, 2018	–	–	–	–	–	–	–	–	–
Fiscal year ending December 31, 2018	104,000	0.3	5,500	(32.6)	5,000	(36.2)	3,500	(38.0)	119.47

* The consolidated earnings forecasts for the six months ending June 30, 2018 are yet to be determined. The consolidated earnings forecasts for the fiscal year ending December 31, 2018 are calculated on the assumption that the foreign exchange rate is 105 yen to 1 U.S. dollar.

*** 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: None
 - 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

(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, 2017	29,874,179 shares
As of December 31, 2016	29,874,179 shares

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

As of December 31, 2017	577,787 shares
As of December 31, 2016	577,229 shares

- c. Average number of shares during the period

Fiscal year ended December 31, 2017	29,296,626 shares
Fiscal year ended December 31, 2016	29,454,441 shares

(Reference) Summary of non-consolidated performance

**Non-consolidated performance for the fiscal year 2017 ended December 31, 2017
(January 1, 2017 to December 31, 2017)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2017	49,487	(8.6)	1,157	(37.4)	2,793	10.3	2,157	–
December 31, 2016	54,128	(8.1)	1,849	(34.5)	2,531	(51.5)	(722)	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	yen	yen
December 31, 2017	73.66	–
December 31, 2016	(24.53)	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	million yen	million yen	%	yen
December 31, 2017	89,903	29,172	32.4	995.75
December 31, 2016	90,381	27,513	30.4	939.14

Reference: Equity As of December 31, 2017: 29,172 million yen
As of December 31, 2016: 27,513 million yen

* Financial results reports are exempt from an audit.

* 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 page 3 of the [Attached Material].

[Attached Material]

Index

- 1. Analysis of operating results and financial position..... 2
 - (1) Analysis of operating results..... 2
 - (2) Analysis of financial position 3
 - (3) Fundamental corporate policy for distributing profits, and dividends for the current fiscal year and next fiscal year 4
- 2. Basic concept regarding selection of accounting standards 4
- 3. Consolidated financial statements and significant notes thereto 5
 - (1) Consolidated balance sheet 5
 - (2) Consolidated statement of income and consolidated statement of comprehensive income..... 7
 - Consolidated statement of income 7
 - Consolidated statement of comprehensive income 8
 - (3) Consolidated statement of changes in equity 9
 - (4) Consolidated statement of cash flows 11
 - (5) Notes to consolidated financial statements 12
 - (Notes on premise of going concern) 12
 - (Segment information, etc.) 12
 - (Per share information) 15
 - (Material subsequent events) 15

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, the Company posted consolidated net sales of 103,659 million yen (up by 6.1% from the previous fiscal year), as a result of the steady growth of economies of Europe, the U.S. and China, growth in demand of capital investment in the Company's equipment especially in China and stable weak yen situation, etc.

With respect to profits, consolidated operating profit was 8,156 million yen (up by 75.3% from the previous fiscal year), a result of execution of sales activities by placing importance to profitability based on review of policy of business profitability, improvement to profitability due to cost-cutting, reductions of various expenses and other factors. Consolidated ordinary profit was 7,839 million yen (up by 159.4% from the previous fiscal year), and profit attributable to owners of parent was 5,642 million yen (up by 199.6% from the previous fiscal year), owing to factors including lower exchange losses accompanying the revaluation of foreign-currency-denominated receivables, which were significant in the previous fiscal year.

b. Overview of each business segment

In order to respond to future changes in the business environment and build a business structure that sustainably can earn high revenues, the Company changed management framework and restructured business organizations in the current fiscal year. Namely, the two business segments, i.e. the "Sewing Machinery Business Unit" and the "Electronic Assembly Systems Business Unit", respectively, have been reorganized into two new segments, i.e. the "Sewing Machinery and Systems Business Unit" and the "Industrial Equipment and Systems Business Unit", for the purpose of strengthening solution business by means of including the business related to several integrated & sophisticated systems Business in the business area assigned to the two business segments. Segment information for the previous fiscal year (ended December 31, 2016) has been prepared based on the categories after the change in classification of segments.

i) Sewing Machinery and Systems Business

On a regional basis, sales were sluggish in some regions in the Asian market, while sales grew in the high-end market in Europe, the U.S. and China. On a product basis, sales for the middle market of the apparel market declined, although sales in the non-apparel field were robust. As a result of these factors, net sales of the Sewing Machinery and Systems Business Unit amounted to 69,055 million yen (down by 0.3% from the same period of the previous fiscal year).

With respect to profits, ordinary profit was 5,881 million yen (up by 38.3% from the same period of the previous fiscal year), owing to improved profitability due to an increase in sales of high-end and high value-added products, sales activities pursuing profitability, and cost reductions, etc.

ii) Industrial Equipment and Systems Business

In electronic assembly systems, sales of new mounters and labor-saving devices tied to smart factory proposals increased significantly, supported by growth of demand in capital investment in China (the largest market) and other countries, while sales in the group business, such as contract manufacturing service, gradually increased due to developments and acquisition of new customers. As a result, net sales of the Industrial Equipment and Systems Business amounted to 34,280 million yen (up by 21.8% from the same period of the previous fiscal year).

In terms of profits, ordinary profit was significantly improved as of 2,820 million yen (ordinary loss of 63 million yen in the same period of the previous fiscal year), due to improved profitability in conjunction with increased sales of new products, cost reduction effects by structural reforms carried out to date, and other factors.

c. Forecasts for the next fiscal year

While there are matters of geopolitical risks and uncertainty regarding the trend of foreign exchange-rate for the next fiscal year, the Company expects that the global economy will maintain steady growth as the economies of Europe, the U.S., China, and emerging countries in Asia, will grow similar to last year.

Taking into account the aforementioned prognosis, the forecasts of business results on consolidation basis for the next fiscal year are as follows, assuming that the foreign exchange rate is 105 yen to 1 U.S. dollar.

Consolidated earnings forecasts for the fiscal year ending December 31, 2018

(million yen)

Item	Fiscal year ending December 31, 2018
Net sales	104,000
Operating profit	5,500
Ordinary profit	5,000
Profit attributable to owners of parent	3,500

At this point in time, the Company has not determined its forecasts for the first six months of the next fiscal year, due to a level of uncertainty regarding the present foreign exchange effect and the business environment in the emerging countries in Asia. These will be announced promptly once it becomes possible to make a reasonable calculation.

(2) Analysis of financial position

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

Total assets as of December 31, 2017 were 110,554 million yen, a decrease of 810 million yen compared to the previous fiscal year-end. This was mainly due to a decrease in inventories.

Liabilities were 77,211 million yen, a decrease of 6,571 million yen compared to the previous fiscal year-end, due to primarily decreases in short-term and long-term loans payable. Net assets were 33,343 million yen, an increase of 5,761 million yen compared to the previous fiscal year-end. This was mainly due to an increase in retained earnings.

Consequently, the equity ratio was 29.6%, an increase of 5.4 percentage points over that of the previous fiscal year-end.

Net cash provided by operating activities was 10,488 million yen (9,818 million yen provided in the previous fiscal year). This mainly reflected an accumulation of profit before income taxes and an increase in notes and accounts payable - trade.

Net cash used in investing activities was 1,756 million yen (1,046 million yen used in the previous fiscal year). This was mainly the result of purchase of property, plant and equipment.

Net cash used in financing activities was 10,373 million yen (8,100 million yen used in the previous fiscal year). This primarily reflected a significant decrease in interest-bearing debt.

As a result, cash and cash equivalents were 6,335 million yen, a decrease of 1,557 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.

	FY2013 ended December 31, 2013	FY2014 ended December 31, 2014	FY2015 ended December 31, 2015	FY2016 ended December 31, 2016	FY2017 ended December 31, 2017
Equity ratio (%)	10.1	18.4	23.2	24.2	29.6
Market value-based equity ratio (%)	26.1	49.4	27.2	27.8	49.3
Ratio of interest-bearing debt to cash flows (years)	11.8	21.6	7.5	6.1	4.8
Interest-coverage ratio (times)	3.9	2.5	6.8	8.7	11.1

(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 profit, it is our basic policy to strive to return profits to our shareholders by means of distributing stable dividends, considering comprehensively the results of the current fiscal year and necessity of internal reserves for business development in the future, etc. In accordance with this policy, the Company proposes to pay year-end dividends for the 103rd fiscal year of 35.00 yen per share, comprising an ordinary dividend of 25.00 yen and a commemorative dividend of 10.00 yen for this year to mark the 80th anniversary of the Company's foundation. With respect to distribution of dividend for the next fiscal year, the Company is forecasting a dividend of 25.00 yen per share based on the earnings forecasts at this time.

2. 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 of the Group, and/or those of other 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.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2016	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	8,048	6,407
Notes and accounts receivable - trade	30,741	32,398
Merchandise and finished goods	28,412	25,542
Work in process	3,257	4,062
Raw materials and supplies	5,945	7,048
Deferred tax assets	1,680	1,116
Other	2,378	2,925
Allowance for doubtful accounts	(399)	(397)
Total current assets	80,066	79,102
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,890	12,452
Machinery, equipment and vehicles, net	2,755	3,211
Tools, furniture and fixtures, net	967	1,044
Land	6,523	6,459
Leased assets, net	325	338
Construction in progress	49	38
Total property, plant and equipment	23,512	23,545
Intangible assets	1,711	1,672
Investments and other assets		
Investment securities	3,018	3,225
Long-term loans receivable	424	2
Long-term prepaid expenses	306	248
Deferred tax assets	1,021	887
Net defined benefit asset	874	1,171
Other	2,379	2,311
Allowance for doubtful accounts	(1,951)	(1,612)
Total investments and other assets	6,074	6,234
Total non-current assets	31,298	31,451
Total assets	111,365	110,554

(million yen)

	As of December 31, 2016	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,972	14,049
Short-term loans payable	43,144	34,548
Lease obligations	109	98
Accounts payable - other	1,400	1,132
Accrued expenses	3,297	3,537
Income taxes payable	409	666
Provision for bonuses	15	16
Notes payable - facilities	61	164
Forward exchange contracts	1,811	242
Other	1,031	1,132
Total current liabilities	61,254	55,589
Non-current liabilities		
Long-term loans payable	16,647	15,668
Lease obligations	256	237
Provision for directors' retirement benefits	69	61
Net defined benefit liability	5,163	5,207
Other	390	446
Total non-current liabilities	22,528	21,621
Total liabilities	83,782	77,211
Net assets		
Shareholders' equity		
Capital stock	18,044	18,044
Capital surplus	2,035	2,035
Retained earnings	8,937	13,994
Treasury shares	(605)	(606)
Total shareholders' equity	28,412	33,468
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	839	1,016
Foreign currency translation adjustment	(2,274)	(1,966)
Remeasurements of defined benefit plans	28	208
Total accumulated other comprehensive income	(1,406)	(742)
Non-controlling interests	576	617
Total net assets	27,582	33,343
Total liabilities and net assets	111,365	110,554

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

Consolidated statement of income

(million yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Net sales	97,724	103,659
Cost of sales	68,134	71,748
Gross profit	29,590	31,911
Selling, general and administrative expenses	24,938	23,755
Operating profit	4,651	8,156
Non-operating income		
Interest income	64	62
Dividend income	131	154
Commission fee	261	223
Other	397	400
Total non-operating income	854	840
Non-operating expenses		
Interest expenses	1,153	944
Foreign exchange losses	1,185	93
Other	144	118
Total non-operating expenses	2,483	1,157
Ordinary profit	3,022	7,839
Extraordinary income		
Gain on sales of non-current assets	441	39
Total extraordinary income	441	39
Extraordinary losses		
Loss on sales and retirement of non-current assets	125	47
Loss on valuation of investment securities	6	–
Impairment loss	105	–
Loss on valuation of shares of subsidiaries and associates	55	–
Loss on business restructuring	–	102
Special retirement expenses	80	–
Other	–	0
Total extraordinary losses	373	151
Profit before income taxes	3,090	7,727
Income taxes - current	1,333	1,319
Income taxes for prior periods	84	–
Income taxes - deferred	34	709
Total income taxes	1,453	2,029
Profit	1,637	5,697
Profit (loss) attributable to non-controlling interests	(246)	54
Profit attributable to owners of parent	1,883	5,642

Consolidated statement of comprehensive income

(million yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Profit	1,637	5,697
Other comprehensive income		
Valuation difference on available-for-sale securities	21	177
Foreign currency translation adjustment	(1,156)	318
Remeasurements of defined benefit plans, net of tax	(105)	180
Total other comprehensive income	(1,240)	675
Comprehensive income	396	6,373
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	671	6,307
Comprehensive income attributable to non-controlling interests	(274)	66

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2016

(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	7,800	(66)	27,873
Changes of items during period					
Dividends of surplus			(745)		(745)
Profit attributable to owners of parent			1,883		1,883
Purchase of treasury shares				(539)	(539)
Capital increase of consolidated subsidiaries		(59)			(59)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(59)	1,137	(539)	538
Balance at end of current period	18,044	2,035	8,937	(605)	28,412

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	817	(1,148)	136	(194)	799	28,477
Changes of items during period						
Dividends of surplus						(745)
Profit attributable to owners of parent						1,883
Purchase of treasury shares						(539)
Capital increase of consolidated subsidiaries						(59)
Net changes of items other than shareholders' equity	21	(1,126)	(107)	(1,212)	(222)	(1,434)
Total changes of items during period	21	(1,126)	(107)	(1,212)	(222)	(895)
Balance at end of current period	839	(2,274)	28	(1,406)	576	27,582

Fiscal year ended December 31, 2017

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,044	2,035	8,937	(605)	28,412
Changes of items during period					
Dividends of surplus			(585)		(585)
Profit attributable to owners of parent			5,642		5,642
Purchase of treasury shares				(0)	(0)
Capital increase of consolidated subsidiaries					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	5,056	(0)	5,056
Balance at end of current period	18,044	2,035	13,994	(606)	33,468

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	839	(2,274)	28	(1,406)	576	27,582
Changes of items during period						
Dividends of surplus						(585)
Profit attributable to owners of parent						5,642
Purchase of treasury shares						(0)
Capital increase of consolidated subsidiaries						-
Net changes of items other than shareholders' equity	177	307	179	664	40	704
Total changes of items during period	177	307	179	664	40	5,761
Balance at end of current period	1,016	(1,966)	208	(742)	617	33,343

(4) Consolidated statement of cash flows

(million yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Cash flows from operating activities		
Profit before income taxes	3,090	7,727
Depreciation	2,583	2,343
Impairment loss	105	–
Loss on business restructuring	–	102
Increase (decrease) in allowance for doubtful accounts	174	(13)
Increase (decrease) in provision for bonuses	(40)	0
Increase (decrease) in net defined benefit liability	2	44
Decrease (increase) in net defined benefit asset	(8)	(19)
Interest and dividend income	(195)	(216)
Interest expenses	1,153	944
Foreign exchange losses (gains)	(238)	(199)
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	(316)	8
Loss on valuation of shares of subsidiaries and associates	55	–
Decrease (increase) in notes and accounts receivable - trade	(581)	(1,520)
Decrease (increase) in inventories	3,067	1,157
Increase (decrease) in notes and accounts payable - trade	128	3,989
Increase (decrease) in notes discounted	(161)	(50)
Other, net	3,570	(1,952)
Subtotal	12,388	12,348
Interest and dividend income received	195	211
Interest expenses paid	(1,154)	(944)
Income taxes (paid) refund	(1,611)	(1,125)
Net cash provided by (used in) operating activities	9,818	10,488
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,727)	(2,141)
Proceeds from sales of property, plant and equipment and intangible assets	750	202
Purchase of investment securities	(153)	(0)
Collection of loans receivable	8	78
Other, net	75	105
Net cash provided by (used in) investing activities	(1,046)	(1,756)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,417)	(7,288)
Proceeds from long-term loans payable	7,195	8,611
Repayments of long-term loans payable	(11,835)	(10,633)
Purchase of treasury shares	(539)	(0)
Cash dividends paid	(743)	(584)
Repayments of sale and installment back payables	(526)	(173)
Other, net	(234)	(303)
Net cash provided by (used in) financing activities	(8,100)	(10,373)
Effect of exchange rate change on cash and cash equivalents	(450)	83
Net increase (decrease) in cash and cash equivalents	221	(1,557)
Cash and cash equivalents at beginning of period	7,671	7,892
Cash and cash equivalents at end of period	7,892	6,335

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

No items to report.

(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.

In order to respond to future changes in the business environment and build a business structure that sustainably can earn high revenues, the Company changed management framework and restructured business organizations in the current fiscal year. Namely, the two business segments, i.e. the “Sewing Machinery Business Unit” and the “Electronic Assembly Systems Business Unit”, respectively, have been reorganized into two new segments, i.e. the “Sewing Machinery and Systems Business Unit” and the “Industrial Equipment and Systems Business Unit”, for the purpose of strengthening solution business by means of including the business related to several integrated & sophisticated systems Business in the business area assigned to the two business segments.

The Company is providing segment information of the previous fiscal year reflecting the reorganized segment categories.

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 profit 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, 2016 (January 1, 2016 to December 31, 2016) (million yen)

	Reportable segments			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amounts reported in the consolidated financial statements (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	69,241	28,148	97,390	334	97,724	–	97,724
Inter-segment sales or transfers	818	463	1,282	516	1,798	(1,798)	–
Total	70,060	28,612	98,672	850	99,523	(1,798)	97,724
Segment profit (loss)	4,252	(63)	4,189	43	4,232	(1,210)	3,022
Segment assets	66,564	32,921	99,485	3,397	102,883	8,481	111,365
Other items							
Depreciation (Note 4)	1,212	849	2,061	47	2,108	474	2,583
Interest income	63	4	67	30	98	(34)	64
Interest expenses	896	318	1,214	7	1,221	(67)	1,153
Increase in property, plant and equipment and intangible assets (Note 4)	1,034	257	1,291	3	1,294	529	1,824

- (Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the building management business are classified.
2. Adjustments are as follows:

- (1) Included in the 1,210 million yen deducted from segment profit (loss) as adjustment are 10 million yen in inter-segment eliminations and a deduction of 1,220 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.
 - (2) The adjustment of 8,481 million yen for segment assets includes 11,875 million yen of corporate assets that cannot be allocated to any reportable segment, a deduction of 2,079 million yen in eliminations of inter-segment receivables, and a deduction of 1,286 million yen in eliminations of receivables owed to the administrative functions of the Company. 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 474 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 529 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 profit 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, 2017 (January 1, 2017 to December 31, 2017) (million yen)

	Reportable segments			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amounts reported in the consolidated financial statements (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	69,055	34,280	103,335	324	103,659	–	103,659
Inter-segment sales or transfers	1,010	371	1,381	479	1,860	(1,860)	–
Total	70,065	34,651	104,716	803	105,520	(1,860)	103,659
Segment profit	5,881	2,820	8,702	47	8,749	(909)	7,839
Segment assets	61,357	38,194	99,552	3,037	102,589	7,965	110,554
Other items							
Depreciation (Note 4)	1,173	639	1,813	36	1,850	493	2,343
Interest income	61	3	65	30	95	(33)	62
Interest expenses	700	270	971	8	979	(34)	944
Increase in property, plant and equipment and intangible assets (Note 4)	978	798	1,776	5	1,782	679	2,461

- (Notes) 1. The "Other Businesses" category refers to business segments not included in reportable segments under which businesses such as the building management business are classified.
2. Adjustments are as follows:
 - (1) Included in the 909 million yen deducted from segment profit as adjustment are a deduction of 16 million yen in inter-segment eliminations and a deduction of 893 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.
 - (2) The adjustment of 7,965 million yen for segment assets includes 11,411 million yen of corporate assets that cannot be allocated to any reportable segment, a deduction of 1,966 million yen in eliminations of inter-segment receivables, and a deduction of 1,434 million yen in eliminations of receivables owed to the administrative functions of the Company. 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 493 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 679 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 profit 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, 2016 (January 1, 2016 to December 31, 2016)

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
15,927	41,970	17,682	11,394	9,431	1,318	97,724

(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
20,223	2,004	1,283	23,512

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, 2017 (January 1, 2017 to December 31, 2017)

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
17,263	37,269	23,493	13,037	10,909	1,686	103,659

(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
20,365	1,886	1,293	23,545

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 regarding impairment loss of non-current assets by reportable segment]

Fiscal year ended December 31, 2016 (January 1, 2016 to December 31, 2016) (million yen)

	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Other Businesses	Company-wide/ Elimination	Total
Impairment loss	–	105	–	–	105

Fiscal year ended December 31, 2017 (January 1, 2017 to December 31, 2017)

No items to report.

[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 December 31, 2016 January 1, 2016 to December 31, 2016	Fiscal year ended December 31, 2017 January 1, 2017 to December 31, 2017
Net assets per share	921.78 yen	1,117.07 yen
Basic earnings per share	63.94 yen	192.61 yen

(Notes) 1. Diluted earnings per share is not presented since no potential shares exist.

2. The basis of the calculation of basic earnings per share is as follows.

	Fiscal year ended December 31, 2016 January 1, 2016 to December 31, 2016	Fiscal year ended December 31, 2017 January 1, 2017 to December 31, 2017
Profit attributable to owners of parent	1,883 million yen	5,642 million yen
Amount not attributable to outstanding common shares	–	–
Profit attributable to owners of parent related to outstanding common shares	1,883 million yen	5,642 million yen
Average number of outstanding common shares during the period	29,454,441 shares	29,296,626 shares

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

	As of December 31, 2016	As of December 31, 2017
Total net assets	27,582 million yen	33,343 million yen
Deduction (Non-controlling interests)	576 million yen	617 million yen
Net assets at the end of period, related to common shares	27,005 million yen	32,726 million yen
Number of common shares used for the calculation of net assets per share	29,296,950 shares	29,296,392 shares

(Material subsequent events)

No items to report.