

(Reference Translation)



February 12, 2015

**Summary of Financial Information and Business Results
for the Fiscal Year 2014 Ended December 31, 2014
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 26, 2015
Scheduled date to commence dividend payments: March 27, 2015
Scheduled date to file the securities report: March 27, 2015
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 2014 ended December 31, 2014
(January 1, 2014 to December 31, 2014)**

(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, 2014	107,581	14.0	8,217	59.5	7,710	98.8	6,058	101.5
December 31, 2013	94,385	24.5	5,151	—	3,878	—	3,006	—

Note: Comprehensive income Fiscal year ended December 31, 2014: 8,266 million yen [20.3 %]
Fiscal year ended December 31, 2013: 6,873 million yen [— %]

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, 2014	43.83	—	34.2	6.3	7.6
December 31, 2013	23.27	—	37.4	3.5	5.5

Reference: Equity in earnings (losses) of affiliates Fiscal year ended December 31, 2014: — million yen
Fiscal year ended December 31, 2013: — 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, 2014	130,751	25,010	18.4	160.82
December 31, 2013	113,189	11,806	10.1	88.48

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

As of December 31, 2013: 11,432 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, 2014	3,459	(1,868)	837	9,285
December 31, 2013	6,405	293	(9,445)	6,239

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, 2013	–	0.00	–	0.00	0.00	0	–	–
Fiscal year ended December 31, 2014	–	0.00	–	4.00	4.00	596	9.1	3.2
Fiscal year ending December 31, 2015 (Forecast)	–	0.00	–	25.00	25.00		11.3	

Note: The Company intends to carry out a one-for-five common share consolidation, with the effective date of July 1, 2015. Consequently, the fiscal year-end dividends per share for the fiscal year ending December 31, 2015 (forecast) above is an amount that takes into account the impact of this share consolidation. (If the share consolidation is not taken into account, the amount is ¥5. For the details, please refer to “Notice Concerning Share Consolidation, Change in Number of Shares per Share Unit, Change in Total Number of Authorized Shares and Partial Amendments to the Articles of Incorporation” disclosed separately today).

3. Consolidated earnings forecasts for the fiscal year 2015 ending December 31, 2015

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Six months ending June 30, 2015	–	–	–	–	–	–	–	–	–
Fiscal year ending December 31, 2015	116,000	7.8	9,500	15.6	8,700	12.8	6,600	8.9	221.18

Note: The consolidated earnings forecasts for the six months ending June 30, 2015, are yet to be determined. The forecast for net income per share for the fiscal year ending December 31, 2015 above, takes into account the impact of the share consolidation. (If the share consolidation is not taken into account, the amount is ¥44.24).

*** 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 14 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, 2014	149,370,899 shares
As of December 31, 2013	129,370,899 shares

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

As of December 31, 2014	168,411 shares
As of December 31, 2013	161,683 shares

- c. Average number of shares during the period

Fiscal year ended December 31, 2014	138,215,849 shares
Fiscal year ended December 31, 2013	129,213,151 shares

(Reference) Summary of non-consolidated performance

**Non-consolidated performance for the fiscal year 2014 ended December 31, 2014
(January 1, 2014 to December 31, 2014)**

(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, 2014	56,410	7.9	4,450	–	7,962	141.5	7,031	139.1
December 31, 2013	52,265	6.6	251	–	3,297	–	2,940	–

Fiscal year ended	Net income per share	Diluted net income per share
	yen	yen
December 31, 2014	50.87	–
December 31, 2013	22.76	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2014	109,211	25,919	23.7	173.72
December 31, 2013	91,866	14,493	15.8	112.17

Reference: Equity As of December 31, 2014: 25,919 million yen
As of December 31, 2013: 14,493 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 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]

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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, although sales were generally weak for the Sewing Machinery Business and Electronic Assembly Systems Business in China, net sales for the current fiscal year were 107,581 million yen (up by 14.0% from the same period of the previous fiscal year), as a result of a firm performance for the Sewing Machinery Business in Asia's emerging markets, continuing on from the previous fiscal year, and the effect of yen depreciation. In addition, boosted by the sales increase along with the positive effects from the group-wide structural reforms that have been implemented since the previous fiscal year, operating income was 8,217 million yen (up by 59.5% from the same period of the previous fiscal year), ordinary income was 7,710 million yen (up by 98.8% from the same period of the previous fiscal year), and net income was 6,058 million yen, (up by 101.5% from the same period of the previous fiscal year).

JUKI AUTOMATION SYSTEMS CORPORATION, a consolidated subsidiary of the Company, succeeded to the surface-mount technology ("SMT") equipment and related businesses of Sony Corporation and its subsidiary Sony EMCS Corporation through company split (absorption-type company split) on March 1, 2014. As a result, we are continuing not only to improve development efficiency and enhance product lineup, but also to strengthen solution sales through utilizing both companies' mounting technology knowhow, while reconstructing the JUKI Group's Electronic Assembly Systems Business in the areas of development, sales and production.

Furthermore, the Company implemented a capital increase of approximately 4,200 million yen through exercises of subscription rights to shares from July through August 2014 in order to realize the construction of a "solid business foundation" capable of continuing to generate earnings sustainably even into the future. This enabled the Company to further strengthen its capital base and improve its financial position as steps toward a new growth strategy.

b. Overview of each business segment

i) Sewing Machinery Business

In the apparel sewing industry, there is a growing trend of a shift in clothing production bases from China into emerging Asian regions. Sales in these regions proceeded firmly and there was an increase in sales to manufacturers of non-apparel sewn products such as car seats and sports shoes, an expanding business field that the Company is focusing on. As a result, net sales of the Sewing Machinery Business as a whole were 77,991 million yen (up by 13.3% from the same period of the previous fiscal year).

ii) Electronic Assembly Systems Business

In addition to the contribution to sales from new products and from purchased products associated with business field expansion, there was an increase in the sales of labor-saving systems. As a result net sales of the Electronic Assembly Systems Business as a whole were 22,432 million yen (up by 19.2% from the same period of the previous fiscal year).

c. Forecasts for the next fiscal year

In light of such considerations as foreign exchange trends and economic conditions, 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, 2015
(million yen)

Item	Fiscal year ending December 31, 2015
Net sales	116,000
Operating income	9,500
Ordinary income	8,700
Net income	6,600

The forecasts for the first six months of the next fiscal year are yet to be determined. These will be disclosed 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, 2014, were 130,751 million yen, an increase of 17,561 million yen compared to the previous fiscal year-end. This was mainly due to increases in notes and accounts receivable - trade and inventories. Liabilities were 105,741 million yen, an increase of 4,358 million yen compared to the previous fiscal year-end. This was mainly the result of an increase in notes and accounts payable - trade.

Net assets were 25,010 million yen, an increase of 13,203 million yen compared to the previous fiscal year-end. This primarily reflected the recording of net income and capital increase through exercises of subscription rights to shares.

As a result of the recording of net income, losses were eliminated and retained earnings as of December 31, 2014 were 3,754 million yen, compared to loss of 2,304 million yen at the end of the previous fiscal year.

Net cash provided by operating activities was 3,459 million yen (compared to net cash of 6,405 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.

Net cash used in investing activities was 1,868 million yen (compared to net cash of 293 million yen provided in the same period of the previous fiscal year). This was mainly the result of purchase of property, plant and equipment.

Net cash provided by financing activities was 837 million yen (compared to net cash of 9,445 million yen used in the same period of the previous fiscal year), mainly due to proceeds from capital increase offsetting a decrease in interest-bearing debt.

As a result, cash and cash equivalents were 9,285 million yen, an increase of 3,045 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.

	FY2010 ended March 31, 2011	FY2011 ended December 31, 2011	FY2012 ended December 31, 2012	FY2013 ended December 31, 2013	FY2014 ended December 31, 2014
Equity ratio (%)	10.6	10.6	4.2	10.1	18.4
Market value-based equity ratio (%)	22.8	19.6	14.5	26.1	49.4
Ratio of interest-bearing debt to cash flows (years)	—	—	—	11.8	21.6
Interest-coverage ratio (times)	—	—	—	3.9	2.5

(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.

For the current fiscal year, in light of above policy and the year-end financial position, we plan to offer a year-end dividend of 4 yen per share.

As stated in “Notice Concerning Consolidation of Shares, Change in Number of Shares per Unit, Change in Total Number of Authorized Shares and Partial Amendments to Articles of Incorporation” disclosed separately today, the Company intends to carry out a share consolidation (every five common shares consolidated into one common share), with the effective date of July 1, 2015. Consequently, for dividends for the fiscal year ending December 31, 2015, we forecast the fiscal year-end dividends of ¥25 per share on the assumption of our current earnings forecasts (if the consolidation of shares is not taken into account, the amount is ¥5 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 21st century.” Our targets under this plan are to achieve net sales of 125,000 million yen and the ratio of ordinary income to net sales of 10% (currently 7.2%) in the fiscal year ending December 31, 2016. By achieving these targets, we aim to improve the equity ratio to 30% at the end of fiscal year ending December 31, 2016 (currently 18.4%).

(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.

a. “Constructing a business structure capable of continuously yielding profits”

Under this policy, we will create a strong customer base by winning new customers, and expand areas of business that deliver high rates of return.

b. “Developing powerful personnel with the expertise to implement our strategy”

Under this policy, we will prioritize assigning personnel to business fields in which we are aiming for growth, utilizing female employees and re-employed experienced personnel more fully, and recruiting of mid-career personnel possessing expertise and foreign employees positively.

c. “Constructing a smart business foundation”

Under this policy, we will implement operational reforms at the level of all companies including group companies, and work to create a productive business structure with no waste. We will proceed with these operational reforms by using four approaches: i) reform of cost structure, ii) reform of organization and roles, iii) reconstruction of information systems, and iv) reconstruction of administrative and indirect functions.

To achieve the goals of the Medium-Term Management Plan, the Company will take the following actions in each of its businesses.

<Sewing Machinery Business>

- In the Sewing Machinery Business, our vision is to become the business with the top market share in all sectors and regions. To this end, we will construct an FA (Factory Automation) business through the full-fledged operation of line solutions.
- We will continue to expand the non-apparel and spare parts businesses.
- In addition to South-East Asia and South Asia, we will strengthen sales operations in regions including Latin America and Africa.

<**Electronic Assembly Systems Business**>

- In the Electronic Assembly Systems Business, we aim to construct a business model incorporating the remarkable strength of our operational capability in line solutions.
- In order to win new customers using our high-value-added proposal capabilities, we will expand our ability to address automation needs using purchased products in addition to our labor-saving equipment, which we developed in-house.
- We will swiftly improve the profitability by accomplishing business reconstruction.

<**Group Business**>

- In the Group Business, through cooperation among group companies, we aim to construct a “Monodzukuri” corporate group of manufacturers that is strong in the areas of precision processing technology and assembly. In this way, we will bolster the capabilities of all companies in terms of both production equipment and personnel, strengthen our ability to respond to orders, and accelerate our acquisition of new customers.

Positioning this Medium-Term Management Plan as two years in which we will create the foundations to ensure growth, the Company will increase investment in growth for the future. We will strive to realize a virtuous cycle for growth and to improve our business performance by carrying out advance development and capital investment and pushing ahead with investment for the development and utilization of personnel. In this way, we are aiming to be a company that responds to change and forms a strong business.

3. Consolidated financial statements

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2013	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	6,254	9,491
Notes and accounts receivable - trade	24,879	31,275
Merchandise and finished goods	32,841	37,685
Work in process	4,211	4,230
Raw materials and supplies	7,275	8,332
Deferred tax assets	1,788	3,050
Other	3,380	4,303
Allowance for doubtful accounts	(1,125)	(579)
Total current assets	79,505	97,789
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,204	14,625
Machinery, equipment and vehicles, net	2,996	3,324
Tools, furniture and fixtures, net	974	1,116
Land	6,774	6,774
Leased assets, net	638	428
Construction in progress	25	35
Total property, plant and equipment	26,614	26,304
Intangible assets	1,579	2,216
Investments and other assets		
Investment securities	2,741	3,051
Long-term loans receivable	464	448
Long-term prepaid expenses	573	473
Deferred tax assets	1,373	124
Other	1,772	1,841
Allowance for doubtful accounts	(1,436)	(1,500)
Total investments and other assets	5,489	4,440
Total non-current assets	33,683	32,961
Total assets	113,189	130,751

(million yen)

	As of December 31, 2013	As of December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,875	13,892
Short-term loans payable	53,074	52,492
Current portion of bonds	10	–
Lease obligations	348	207
Accounts payable - other	1,561	1,906
Accrued expenses	3,097	3,343
Income taxes payable	873	913
Provision for bonuses	54	69
Notes payable - facilities	74	120
Forward exchange contracts	1,099	2,800
Other	780	1,354
Total current liabilities	72,850	77,101
Non-current liabilities		
Long-term loans payable	21,655	21,751
Lease obligations	420	297
Provision for retirement benefits	5,217	–
Provision for directors' retirement benefits	165	171
Net defined benefit liability	–	5,270
Other	1,072	1,148
Total non-current liabilities	28,531	28,639
Total liabilities	101,382	105,741
Net assets		
Shareholders' equity		
Capital stock	15,950	18,044
Capital surplus	–	2,094
Retained earnings	(2,304)	3,754
Treasury shares	(60)	(62)
Total shareholders' equity	13,585	23,831
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630	817
Deferred gains or losses on hedges	(23)	(3)
Foreign currency translation adjustment	(2,760)	(695)
Remeasurements of defined benefit plans	–	44
Total accumulated other comprehensive income	(2,153)	163
Minority interests	374	1,015
Total net assets	11,806	25,010
Total liabilities and net assets	113,189	130,751

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

Consolidated statement of income

(million yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Net sales	94,385	107,581
Cost of sales	68,094	74,078
Gross profit	26,291	33,503
Selling, general and administrative expenses	21,139	25,285
Operating income	5,151	8,217
Non-operating income		
Interest income	134	160
Dividend income	142	102
Commission fee	187	163
Foreign exchange gains	–	259
Other	458	383
Total non-operating income	922	1,069
Non-operating expenses		
Interest expenses	1,646	1,410
Foreign exchange losses	348	–
Other	201	166
Total non-operating expenses	2,195	1,576
Ordinary income	3,878	7,710
Extraordinary income		
Gain on sales of non-current assets	190	21
Other	3	3
Total extraordinary income	194	24
Extraordinary losses		
Loss on sales and retirement of non-current assets	36	82
Impairment loss	119	59
Loss on change in equity	–	5
Special retirement expenses	1,481	–
Total extraordinary losses	1,637	147
Income before income taxes and minority interests	2,434	7,587
Income taxes - current	578	1,416
Income taxes for prior periods	–	486
Income taxes - deferred	(1,171)	(274)
Total income taxes	(592)	1,628
Income before minority interests	3,027	5,958
Minority interests in income (loss)	20	(100)
Net income	3,006	6,058

Consolidated statement of comprehensive income

(million yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Income before minority interests	3,027	5,958
Other comprehensive income		
Valuation difference on available-for-sale securities	409	186
Deferred gains or losses on hedges	113	20
Foreign currency translation adjustment	3,323	2,100
Total other comprehensive income	3,846	2,307
Comprehensive income	6,873	8,266
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,792	8,331
Comprehensive income attributable to minority interests	80	(64)

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2013

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,950	–	(5,310)	(59)	10,580
Changes of items during period					
Issuance of new shares					
Net income			3,006		3,006
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	3,006	(1)	3,005
Balance at end of current period	15,950	–	(2,304)	(60)	13,585

	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	220	(136)	(6,024)	–	(5,939)	293	4,934
Changes of items during period							
Issuance of new shares							
Net income							3,006
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	409	113	3,263		3,786	80	3,867
Total changes of items during period	409	113	3,263	–	3,786	80	6,872
Balance at end of current period	630	(23)	(2,760)	–	(2,153)	374	11,806

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
Changes of items during period					
Issuance of new shares	2,094	2,094			4,188
Net income			6,058		6,058
Purchase of treasury shares				(1)	(1)
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
Changes of items during period							
Issuance of new shares							4,188
Net income							6,058
Purchase of treasury shares							(1)
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

(4) Consolidated statement of cash flows

(million yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	2,434	7,587
Depreciation	2,940	3,115
Impairment loss	119	59
Increase (decrease) in allowance for doubtful accounts	366	(523)
Increase (decrease) in provision for bonuses	20	12
Increase (decrease) in provision for retirement benefits	(1,368)	(5,217)
Increase (decrease) in net defined benefit liability	–	5,410
Interest and dividend income	(277)	(262)
Interest expenses	1,646	1,410
Foreign exchange losses (gains)	1,592	1,010
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	(154)	61
Decrease (increase) in notes and accounts receivable - trade	(210)	(3,785)
Decrease (increase) in inventories	5,895	(1,770)
Increase (decrease) in notes and accounts payable - trade	1,053	1,519
Increase (decrease) in notes discounted	(12)	(49)
Other, net	(4,940)	(1,982)
Subtotal	9,105	6,594
Interest and dividend income received	277	262
Interest expenses paid	(1,657)	(1,421)
Payments for extra retirement payments	(1,474)	–
Income taxes (paid) refund	153	(1,976)
Net cash provided by (used in) operating activities	6,405	3,459
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(772)	(1,727)
Proceeds from sales of property, plant and equipment and intangible assets	833	39
Purchase of investment securities	(1)	(0)
Proceeds from sales of investment securities	15	4
Payments of loans receivable	(13)	(5)
Collection of loans receivable	46	24
Other, net	184	(203)
Net cash provided by (used in) investing activities	293	(1,868)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,978)	(3,206)
Proceeds from long-term loans payable	9,600	13,552
Repayments of long-term loans payable	(12,489)	(13,323)
Redemption of bonds	(40)	(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	(1)	(0)
Proceeds of sale and installment back	1,004	674
Repayments of sale and installment back payables	(1,060)	(564)
Other, net	(480)	(474)
Net cash provided by (used in) financing activities	(9,445)	837
Effect of exchange rate change on cash and cash equivalents	1,027	617
Net increase (decrease) in cash and cash equivalents	(1,720)	3,045
Cash and cash equivalents at beginning of period	7,960	6,239
Cash and cash equivalents at end of period	6,239	9,285

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

No items to report.

(Changes in accounting policies)

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, May 17, 2012; hereinafter the “Guidance”) are applied from the end of the current fiscal year (excluding, however, provisions under the main clause of Paragraph 35 of the Accounting Standard and the main clause of Paragraph 67 of the Guidance). Consequently, the Company has changed its accounting policy to the method of recording the amount obtained by deducting plan assets from retirement benefit obligations as net defined benefit liability, and recorded unrecognized actuarial losses to net defined benefit liability.

The Accounting Standard and the Guidance are applied in accordance with the transitional measures as provided for in Paragraph 37 of the Accounting Standard, and the impact of this change has been added to or deducted from the remeasurements of defined benefit plans under accumulated other comprehensive income as of the end of the current fiscal year.

As a result, as of the end of the current fiscal year, 5,270 million yen of net defined benefit liability was recorded. In addition, accumulated other comprehensive income increased by 44 million yen. Net assets per share increased by 0.30 yen.

(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, 2013 (January 1, 2013 to December 31, 2013) (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	68,836	18,826	87,662	6,723	94,385	–	94,385
Inter-segment sales or transfers	244	220	464	914	1,379	(1,379)	–
Total	69,081	19,046	88,127	7,637	95,765	(1,379)	94,385
Segment profit	3,840	419	4,260	269	4,530	(651)	3,878
Segment assets	69,529	25,617	95,146	10,548	105,694	7,494	113,189
Other items							
Depreciation	1,412	707	2,119	241	2,361	578	2,940
Interest income	100	60	160	25	186	(51)	134
Interest expenses	1,296	282	1,579	26	1,605	40	1,646
Increase in property, plant and equipment and intangible assets	616	264	880	92	973	352	1,326

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

2. Adjustments are as follows:

- (1) Included in the 651 million yen deducted from segment profit as adjustment are a deduction of 4 million yen in inter-segment eliminations and a deduction of 647 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 7,494 million yen for segment assets includes 23,157 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 578 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 352 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, 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	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	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 (the production and sale of lost-wax products, etc.), the precision processing and assembly, and the IT-related equipment 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.

[Related information]

Fiscal year ended December 31, 2013 (January 1, 2013 to December 31, 2013)

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
15,336	32,947	25,948	10,743	8,426	983	94,385

(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
22,356	3,022	1,234	26,614

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, 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.

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

Fiscal year ended December 31, 2013 (January 1, 2013 to December 31, 2013)

(million yen)

	Sewing Machinery Business	Electronic Assembly Systems Business	Other Businesses	Company-wide/ Elimination (Note)	Total
Impairment loss	29	—	3	86	119

(Note) Amount of “Company-wide/Elimination” is related to the idle real estate and others held by the Company.

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

[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, 2013 January 1, 2013 to December 31, 2013	Fiscal year ended December 31, 2014 January 1, 2014 to December 31, 2014
Net assets per share	88.48 yen	160.82 yen
Net income per share	23.27 yen	43.83 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 December 31, 2013 January 1, 2013 to December 31, 2013	Fiscal year ended December 31, 2014 January 1, 2014 to December 31, 2014
Net income	3,006 million yen	6,058 million yen
Amount not attributable to outstanding common share	–	–
Net income related to outstanding common shares	3,006 million yen	6,058 million yen
Average number of outstanding common shares during the period	129,213,151 shares	138,215,849 shares

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

	As of December 31, 2013	As of December 31, 2014
Total net assets	11,806 million yen	25,010 million yen
Deduction	374 million yen	1,015 million yen
(Minority interests)	374 million yen	1,015 million yen
Net assets at the end of period, related to common shares	11,432 million yen	23,994 million yen
Number of common shares used for the calculation of net assets per share	129,209,216 shares	149,202,488 shares