

(Reference Translation)



August 3, 2017

**Summary of Financial Information and Business Results
for the First Six Months of Fiscal Year 2017 Ending 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
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Scheduled date to file the quarterly securities report: August 4, 2017
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 2017 ending December 31, 2017 (January 1, 2017 to June 30, 2017)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

Six months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
June 30, 2017	48,389	(5.1)	3,618	78.4	3,589	491.9	2,404	–
June 30, 2016	50,991	(11.1)	2,028	(52.0)	606	(84.6)	(232)	–

Note: Comprehensive income Six months ended June 30, 2017: 2,043 million yen [– %]
Six months ended June 30, 2016: (3,928) million yen [– %]

Six months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
June 30, 2017	82.07	–
June 30, 2016	(7.86)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
June 30, 2017	110,486	29,013	25.8
December 31, 2016	111,365	27,582	24.2

Reference: Equity As of June 30, 2017: 28,454 million yen

As of December 31, 2016: 27,005 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, 2016	–	0.00	–	20.00	20.00
Fiscal year ending December 31, 2017	–	0.00			
Fiscal year ending December 31, 2017 (Forecast)			–	20.00	20.00

Note: Revisions to the dividend forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year 2017 ending December 31, 2017 (January 1, 2017 to December 31, 2017)

(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	%	
Fiscal year ending December 31, 2017	101,000	3.4	6,000	29.0	5,500	82.0	3,500	85.8	119.47

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
- (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: 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

(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, 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 June 30, 2017	577,613 shares
As of December 31, 2016	577,229 shares

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

Six months ended June 30, 2017	29,296,768 shares
Six months ended June 30, 2016	29,589,321 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* 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, 2017, net sales amounted to 48,389 million yen (down by 5.1% from the same period of the previous fiscal year). This was partly due to the fact that the Company promoted solution sales activities, involving proposing products and services that match customers' needs for labor saving and manpower saving, and smart factories, etc. to boost factory-wide production efficiency, and in addition, sales activities were carried out focusing on profitability, as well as revisions to the profits from transactions.

With respect to profits, although the decrease in sales had an impact, factors such as improved profitability due to the above-mentioned sales measures and cost reductions and so on, and the effects of cost-cutting led operating profit to amount to 3,618 million yen (up by 78.4% from the same period of the previous fiscal year). Ordinary profit stood at 3,589 million yen (up by 491.9% from the same period of the previous fiscal year) and profit attributable to owners of parent stood at 2,404 million yen (loss of 232 million yen in the same period of the previous fiscal year), owing to factors such as lower exchange losses accompanying the revaluation of foreign-currency-denominated receivables in the previous fiscal year.

(Business overview by primary segment)

In order to respond to environmental changes in the future and build a business structure enabling continuous high revenues, the Company revised its managerial framework in the three months ended March 31, 2017. In line with this, the two existing segments the "Sewing Machinery Business" and the "Electronic Assembly Systems Business" were reorganized into two new segments called the "Sewing Machinery and Systems Business" and the "Industrial Equipment and Systems Business" in order to strengthen solution deployment with the inclusion of the systems field.

Segment information related to the six months ended June 30, 2016 has been prepared based on the categories after the change.

a. Sewing Machinery and Systems Business

In regard to geographic regions, although sales remained robust in Europe and the U.S., and sales in China were on a track of recovery, sales were sluggish in some regions of the Asian market. In terms of products, sales of items in the non-apparel field, such as products for car seats, grew, but sales of products for the apparel market declined. Due to factors such as these, net sales of the Sewing Machinery and Systems Business amounted to 32,562 million yen (down by 9.8% from the same period of the previous fiscal year). With respect to profits, segment profit (ordinary profit or loss) stood at 2,863 million yen (up by 24.6% from the same period of the previous fiscal year), owing to factors such as improved profitability due to the deployment of the above-mentioned sales activities and cost reduction effects, etc.

b. Industrial Equipment and Systems Business

In regard to geographic regions, sales related to electronic assembly systems were robust, supported by increased capital investment demand starting with the largest market, China. In terms of products, there were increases related to the sales of labor-saving devices for deployment based on the smart factories proposal and the sales of group business, such as commissioned processing. Due to these and other factors, net sales of the Industrial Equipment and Systems Business stood at 15,659 million yen (up by 6.3% from the same period of the previous fiscal year). With respect to profits, as a result of cost reduction effects based on improved profitability due to the deployment of the above-mentioned sales activities and structural reforms carried out to date, segment profit (ordinary profit or loss) rose significantly to 1,129 million yen (loss of 422 million yen in the same period of the previous fiscal year).

(2) Explanation regarding financial position

a. Analysis of financial position

Total assets as of June 30, 2017 were 110,486 million yen, a decrease of 878 million yen compared to the previous fiscal year-end. This was mainly due to a decrease in notes and accounts receivable - trade. Liabilities were 81,472 million yen, a decrease of 2,309 million yen compared to the previous fiscal year-end. This reflected a decrease in short-term loans payable. Net assets were 29,013 million yen, an increase of 1,431 million yen compared to the previous fiscal year-end. This was mainly due to an increase in retained earnings. Consequently, the equity ratio was 25.8%, an increase of 1.5 percentage points over that of the previous fiscal year-end.

b. Cash flows

Net cash provided by operating activities was 5,643 million yen (7,808 million yen provided in the same period of the previous fiscal year). This mainly reflected a decrease in notes and accounts receivable - trade.

Net cash used in investing activities was 574 million yen (246 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 4,052 million yen (6,231 million yen used in the same period of the previous fiscal year), mainly due to the repayments of short-term and long-term loans payable, and cash dividends paid.

As a result, cash and cash equivalents were 8,849 million yen, an increase of 956 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, 2017 have been revised. While there are uncertain factors such as foreign exchange trends, based on results for the first six months ended June 30, 2017 and the future outlook, revised forecast of net sales are 101,000 million yen, operating profit is 6,000 million yen, ordinary profit is 5,500 million yen, and profit attributable to owners of parent is 3,500 million yen.

The assumed foreign exchange rate in the consolidated earnings forecast is unchanged at 105 yen to 1 U.S. dollar.

The fiscal year-end dividend forecast has not been revised, and accordingly remains at 20 yen per share as previously announced.

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, 2017," and "Revision to Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2017."

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2016	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	8,048	8,947
Notes and accounts receivable - trade	30,741	28,236
Inventories	37,616	38,127
Other	4,059	4,672
Allowance for doubtful accounts	(399)	(353)
Total current assets	80,066	79,630
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,890	12,608
Land	6,523	6,422
Other, net	4,098	4,156
Total property, plant and equipment	23,512	23,187
Intangible assets	1,711	1,593
Investments and other assets		
Other	8,025	8,026
Allowance for doubtful accounts	(1,951)	(1,952)
Total investments and other assets	6,074	6,074
Total non-current assets	31,298	30,855
Total assets	111,365	110,486
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,972	11,863
Short-term loans payable	43,144	39,408
Income taxes payable	409	1,170
Provision for bonuses	15	28
Other	7,712	6,379
Total current liabilities	61,254	58,849
Non-current liabilities		
Long-term loans payable	16,647	16,687
Provision for directors' retirement benefits	69	58
Net defined benefit liability	5,163	5,215
Other	646	662
Total non-current liabilities	22,528	22,622
Total liabilities	83,782	81,472

(million yen)

	As of December 31, 2016	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	18,044	18,044
Capital surplus	2,035	2,035
Retained earnings	8,937	10,756
Treasury shares	(605)	(605)
Total shareholders' equity	28,412	30,230
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	839	852
Foreign currency translation adjustment	(2,274)	(2,679)
Remeasurements of defined benefit plans	28	51
Total accumulated other comprehensive income	(1,406)	(1,775)
Non-controlling interests	576	559
Total net assets	27,582	29,013
Total liabilities and net assets	111,365	110,486

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

Consolidated statement of income (cumulative)

(million yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Net sales	50,991	48,389
Cost of sales	35,995	32,949
Gross profit	14,996	15,439
Selling, general and administrative expenses	12,967	11,821
Operating profit	2,028	3,618
Non-operating income		
Interest income	16	36
Dividend income	91	99
Foreign exchange gains	–	18
Reversal of allowance for doubtful accounts	165	48
Other	277	299
Total non-operating income	551	501
Non-operating expenses		
Interest expenses	615	506
Foreign exchange losses	1,308	–
Other	48	25
Total non-operating expenses	1,973	531
Ordinary profit	606	3,589
Extraordinary income		
Gain on sales of non-current assets	367	38
Total extraordinary income	367	38
Extraordinary losses		
Loss on sales and retirement of non-current assets	106	31
Impairment loss	105	–
Other	17	20
Total extraordinary losses	230	51
Profit before income taxes	744	3,576
Income taxes	1,116	1,158
Income taxes for prior periods	53	–
Profit (loss)	(425)	2,417
Profit (loss) attributable to non-controlling interests	(193)	12
Profit (loss) attributable to owners of parent	(232)	2,404

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Profit (loss)	(425)	2,417
Other comprehensive income		
Valuation difference on available-for-sale securities	(345)	13
Foreign currency translation adjustment	(3,146)	(410)
Remeasurements of defined benefit plans, net of tax	(11)	22
Total other comprehensive income	(3,503)	(374)
Comprehensive income	(3,928)	2,043
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,680)	2,035
Comprehensive income attributable to non-controlling interests	(248)	7

(3) Consolidated statement of cash flows

(million yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Cash flows from operating activities		
Profit before income taxes	744	3,576
Depreciation	1,337	1,127
Impairment loss	105	–
Increase (decrease) in allowance for doubtful accounts	(181)	(44)
Increase (decrease) in net defined benefit liability	4	42
Decrease (increase) in net defined benefit asset	(1)	(2)
Increase (decrease) in provision for bonuses	(20)	12
Interest and dividend income	(108)	(135)
Interest expenses	615	506
Foreign exchange losses (gains)	(884)	(190)
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	(261)	(6)
Decrease (increase) in notes and accounts receivable - trade	678	2,007
Decrease (increase) in inventories	2,470	(1,024)
Increase (decrease) in notes and accounts payable - trade	1,329	1,975
Increase (decrease) in notes discounted	(211)	(40)
Other, net	3,635	(1,168)
Subtotal	9,252	6,635
Interest and dividend income received	108	130
Interest expenses paid	(618)	(507)
Income taxes (paid) refund	(934)	(614)
Net cash provided by (used in) operating activities	7,808	5,643
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(832)	(840)
Proceeds from sales of property, plant and equipment and intangible assets	471	179
Other, net	114	86
Net cash provided by (used in) investing activities	(246)	(574)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,225)	(2,246)
Proceeds from long-term loans payable	3,750	1,853
Repayments of long-term loans payable	(6,025)	(2,832)
Purchase of treasury shares	(538)	(0)
Cash dividends paid	(741)	(583)
Repayments of sale and installment back payables	(327)	(121)
Other, net	(122)	(122)
Net cash provided by (used in) financing activities	(6,231)	(4,052)
Effect of exchange rate change on cash and cash equivalents	(1,088)	(60)
Net increase (decrease) in cash and cash equivalents	242	956
Cash and cash equivalents at beginning of period	7,671	7,892
Cash and cash equivalents at end of period	7,913	8,849

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

No items to report.

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

No items to report.

(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.

(Segment information, etc.)

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

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 and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	36,102	14,725	50,827	164	50,991	–	50,991
Inter-segment sales or transfers	371	226	598	263	861	(861)	–
Total	36,473	14,952	51,425	427	51,853	(861)	50,991
Segment profit (loss)	2,296	(422)	1,874	38	1,913	(1,306)	606

- (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. Included in the 1,306 million yen deducted from segment profit (loss) as adjustment are 9 million yen in inter-segment eliminations and a deduction of 1,316 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 any reportable segment and foreign exchange losses that have not been attributed to any reportable segment.
3. Segment profit (loss) is adjusted with ordinary profit in the quarterly consolidated statement of income.

Six months ended June 30, 2017 (January 1, 2017 to June 30, 2017) (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 and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	32,562	15,659	48,222	166	48,389	–	48,389
Inter-segment sales or transfers	499	205	704	229	934	(934)	–
Total	33,061	15,865	48,927	396	49,323	(934)	48,389
Segment profit	2,863	1,129	3,992	20	4,013	(424)	3,589

- (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. Included in the 424 million yen deducted from segment profit as adjustment are a deduction of 12 million yen in inter-segment eliminations and a deduction of 412 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 any reportable segment and foreign exchange losses that have not been attributed to any reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statement of income.

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

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

(Significant impairment loss on non-current assets)

In the six months ended June 30, 2016, impairment loss comprising 105 million yen in assets of Industrial Equipment and Systems Business segment is recorded as extraordinary loss.

Six months ended June 30, 2017 (January 1, 2017 to June 30, 2017)

No items to report.

3. Matters regarding changes in reportable segments

In three months ended March 31, 2017, the Company reorganized its reportable segments, changing the two existing segments the “Sewing Machinery Business” and the “Electronic Assembly Systems Business” into two new segments called the “Sewing Machinery and Systems Business” and the “Industrial Equipment and Systems Business,” accompanying a revision of its managerial framework and reorganization.

The “Sewing Machinery and Systems Business” consists of an industrial sewing machine business and a household sewing machine business. Meanwhile, the “Industrial Equipment and Systems Business” is comprised of “Group Business” that include the commissioned processing business, which has potential for growth, “Customer Business,” such as parts sales and maintenance services, and the “Electronic Assembly Systems Business,” which carries out the manufacture and sale of mounting equipment such as mounters.

Segment information related to the six months ended June 30, 2016 has been prepared based on the categories after the change.