

**Summary of Financial Information and Business Results
for the First Six Months of Fiscal Year 2018 Ending December 31, 2018
on a Consolidated Basis
<under Japanese GAAP>**

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 Listing: First Section of the Tokyo Stock Exchange
 Securities code: 6440
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Scheduled date to file the quarterly securities report: August 6, 2018
 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 2018 ending December 31, 2018 (January 1, 2018 to June 30, 2018)

(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, 2018	53,235	10.0	3,650	0.9	3,178	(11.5)	1,942	(19.2)
June 30, 2017	48,389	(5.1)	3,618	78.4	3,589	491.9	2,404	–

Note: Comprehensive income Six months ended June 30, 2018: 988 million yen [(51.6) %]
 Six months ended June 30, 2017: 2,043 million yen [– %]

Six months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
June 30, 2018	66.31	–
June 30, 2017	82.07	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
June 30, 2018	113,919	33,284	28.7
December 31, 2017	110,554	33,343	29.6

Reference: Equity As of June 30, 2018: 32,645 million yen

As of December 31, 2017: 32,726 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, 2017	–	0.00	–	35.00	35.00
Fiscal year ending December 31, 2018	–	0.00			
Fiscal year ending December 31, 2018 (Forecast)			–	25.00	25.00

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

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

Ordinary dividend: 25.00 yen; 80th anniversary 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
Fiscal year ending December 31, 2018	104,000	0.3	5,500	(32.6)	5,000	(36.2)	3,500	(38.0)	119.47

Note: Revisions to the consolidated earnings forecasts most recently announced: None

*** 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, 2018	29,874,179 shares
As of December 31, 2017	29,874,179 shares

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

As of June 30, 2018	578,096 shares
As of December 31, 2017	577,787 shares

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

Six months ended June 30, 2018	29,296,264 shares
Six months ended June 30, 2017	29,296,768 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Disclaimer regarding forward-looking statements

Forward-looking statements concerning future plans and strategies contained in this report are based on information currently available to JUKI and on certain assumptions deemed to be reasonable. Actual business results and other results may differ materially from the forward-looking statements due to various factors. Significant factors that may have an impact on actual business 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, 2018, the Company carried out solution sales activities, proposing products and services that match customers' needs for labor saving, smart factories to boost factory-wide production efficiency, and so on. In addition, the Company has been struggling to capture the middle market centering on the Asian market to build a stable customer base for the future. Under these conditions, net sales amounted to 53,235 million yen (up by 10.0% from the same period of the previous fiscal year) partly due to some delays in production having occurred due to the insufficient supply of electronic components and so on, despite robust demand in capital investment in China.

With respect to profits, even though sales increased, operating profit remained to 3,650 million yen (up by 0.9% from the same period of the previous fiscal year). This was due to decline of gross margin of our production subsidiaries located in China as a result of a strong Chinese Yuan and a weak US Dollar situation, as well as an increase in expenses borne by us with regard to capturing of the middle market and promotion of development. Ordinary profit stood at 3,178 million yen (down by 11.5% from the same period of the previous fiscal year) and profit attributable to owners of parent stood at 1,942 million yen (down by 19.2% from the same period of the previous fiscal year), owing to factors such as non-operating income and expenses including exchange losses due to the revaluation of receivables resulting from a strengthening of the yen and weakening of the dollar compared to the end of the previous fiscal year.

(Business overview by primary segment)

a. Sewing Machinery and Systems Business

Sales were robust in the high-end market in China and so on, and sales increased year-on-year in the middle market in the Asian market. As a result, net sales of the Sewing Machinery and Systems Business Unit amounted to 34,769 million yen (up by 6.8% from the same period of the previous fiscal year). With respect to profits, segment profit (ordinary profit) amounted to 2,062 million yen (down by 28.0% from the same period of the previous fiscal year) due to market capture expenditures with regard to the middle market and the effects of the strong Chinese Yuan and so on, while the increase in sales positively affected such profit.

b. Industrial Equipment and Systems Business

In electronic assembly systems, demand in capital investment in China (the largest market) and other countries continued to be robust, and sales of new mounters and labor-saving devices tied to smart factory proposals increased. Furthermore, in the group business such as contract manufacturing service, steady progress was made in the development and acquisition of customers, though some demand could not be met due to production delays. As a result, net sales of the Industrial Equipment and Systems Business Unit amounted to 18,323 million yen (up by 17.0% from the same period of the previous fiscal year). In terms of profits, segment profit (ordinary profit) stood at 1,801 million yen (up by 59.5% from the same period of the previous fiscal year), due to factors such as the improvement to profitability in conjunction with increased sales of new products as well as an increase in sales.

(2) Explanation regarding financial position

a. Analysis of financial position

Total assets as of June 30, 2018 were 113,919 million yen, an increase of 3,364 million yen compared to the previous fiscal year-end. This was mainly due to increases in cash and deposits and inventories. Liabilities were 80,635 million yen, an increase of 3,424 million yen compared to the previous fiscal year-end. This mainly reflected an increase in notes and accounts payable - trade. Net assets were 33,284 million yen, a decrease of 59 million yen compared to the previous fiscal year-end. This was mainly due to a higher negative value in foreign currency translation adjustment and payment of dividends. Consequently, the equity ratio was 28.7%.

b. Cash flows

Net cash provided by operating activities was 1,880 million yen (5,643 million yen provided in the same period of the previous fiscal year). This mainly reflected the amount of profit before income taxes and an increase in notes and accounts payable - trade, despite an increase in inventories.

Net cash used in investing activities was 1,051 million yen (574 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 million yen (4,052 million yen used in the same period of the previous fiscal year), mainly due to cash dividends paid despite an increase in short-term loans payable.

As a result, cash and cash equivalents were 6,963 million yen, an increase of 627 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, 2018 have not been revised from those previously announced on February 9, 2018, taking into account uncertainty regarding the present foreign exchange trend and the business environment in the emerging countries due to occurrence of trade friction between U.S. and China and other factors. Going forward, the Company will closely examine its earnings forecasts after taking into account the impact on the Company's earnings from factors including the business environment.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2017	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	6,407	6,983
Notes and accounts receivable - trade	32,398	31,781
Inventories	36,652	39,853
Other	4,041	4,600
Allowance for doubtful accounts	(397)	(400)
Total current assets	79,102	82,817
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,452	12,150
Land	6,459	6,362
Other, net	4,632	4,793
Total property, plant and equipment	23,545	23,306
Intangible assets	1,672	1,760
Investments and other assets		
Other	7,846	7,490
Allowance for doubtful accounts	(1,612)	(1,456)
Total investments and other assets	6,234	6,034
Total non-current assets	31,451	31,101
Total assets	110,554	113,919
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,049	15,574
Short-term loans payable	34,548	35,110
Income taxes payable	666	1,406
Provision for bonuses	16	29
Other	6,308	6,666
Total current liabilities	55,589	58,787
Non-current liabilities		
Long-term loans payable	15,668	15,927
Provision for directors' retirement benefits	61	65
Net defined benefit liability	5,207	5,183
Other	683	671
Total non-current liabilities	21,621	21,848
Total liabilities	77,211	80,635

(million yen)

	As of December 31, 2017	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	18,044	18,044
Capital surplus	2,035	2,035
Retained earnings	13,994	14,911
Treasury shares	(606)	(606)
Total shareholders' equity	33,468	34,384
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,016	829
Foreign currency translation adjustment	(1,966)	(2,771)
Remeasurements of defined benefit plans	208	203
Total accumulated other comprehensive income	(742)	(1,739)
Non-controlling interests	617	639
Total net assets	33,343	33,284
Total liabilities and net assets	110,554	113,919

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

Consolidated statement of income (cumulative)

(million yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Net sales	48,389	53,235
Cost of sales	32,949	37,177
Gross profit	15,439	16,057
Selling, general and administrative expenses	11,821	12,407
Operating profit	3,618	3,650
Non-operating income		
Interest income	36	18
Dividend income	99	109
Foreign exchange gains	18	–
Reversal of allowance for doubtful accounts	48	156
Other	299	353
Total non-operating income	501	637
Non-operating expenses		
Interest expenses	506	401
Foreign exchange losses	–	670
Other	25	36
Total non-operating expenses	531	1,109
Ordinary profit	3,589	3,178
Extraordinary income		
Gain on sales of non-current assets	38	13
Total extraordinary income	38	13
Extraordinary losses		
Loss on sales and retirement of non-current assets	31	16
Other	20	–
Total extraordinary losses	51	16
Profit before income taxes	3,576	3,175
Income taxes	1,158	1,177
Profit	2,417	1,998
Profit attributable to non-controlling interests	12	55
Profit attributable to owners of parent	2,404	1,942

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Profit	2,417	1,998
Other comprehensive income		
Valuation difference on available-for-sale securities	13	(187)
Foreign currency translation adjustment	(410)	(817)
Remeasurements of defined benefit plans, net of tax	22	(4)
Total other comprehensive income	(374)	(1,009)
Comprehensive income	2,043	988
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,035	944
Comprehensive income attributable to non-controlling interests	7	43

(3) Consolidated statement of cash flows

(million yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Cash flows from operating activities		
Profit before income taxes	3,576	3,175
Depreciation	1,127	1,199
Increase (decrease) in allowance for doubtful accounts	(44)	(132)
Increase (decrease) in net defined benefit liability	42	(31)
Decrease (increase) in net defined benefit asset	(2)	(38)
Increase (decrease) in provision for bonuses	12	13
Interest and dividend income	(135)	(127)
Interest expenses	506	401
Foreign exchange losses (gains)	(190)	(34)
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	(6)	2
Decrease (increase) in notes and accounts receivable - trade	2,007	(329)
Decrease (increase) in inventories	(1,024)	(4,242)
Increase (decrease) in notes and accounts payable - trade	1,975	1,713
Increase (decrease) in notes discounted	(40)	42
Other, net	(1,168)	1,158
Subtotal	6,635	2,770
Interest and dividend income received	130	127
Interest expenses paid	(507)	(403)
Income taxes (paid) refund	(614)	(614)
Net cash provided by (used in) operating activities	5,643	1,880
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(840)	(1,256)
Proceeds from sales of property, plant and equipment and intangible assets	179	133
Other, net	86	71
Net cash provided by (used in) investing activities	(574)	(1,051)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,246)	1,213
Proceeds from long-term loans payable	1,853	4,651
Repayments of long-term loans payable	(2,832)	(4,723)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(583)	(1,021)
Repayments of sale and installment back payables	(121)	(20)
Other, net	(122)	(103)
Net cash provided by (used in) financing activities	(4,052)	(4)
Effect of exchange rate change on cash and cash equivalents	(60)	(197)
Net increase (decrease) in cash and cash equivalents	956	627
Cash and cash equivalents at beginning of period	7,892	6,335
Cash and cash equivalents at end of period	8,849	6,963

**(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, 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.

Six months ended June 30, 2018 (January 1, 2018 to June 30, 2018) (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	34,769	18,323	53,092	142	53,235	–	53,235
Inter-segment sales or transfers	479	200	679	231	911	(911)	–
Total	35,248	18,523	53,772	374	54,146	(911)	53,235
Segment profit	2,062	1,801	3,863	31	3,895	(716)	3,178

(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 716 million yen deducted from segment profit as adjustment are a deduction of 5 million yen in inter-segment eliminations and a deduction of 711 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
- No items to report.