

# Explanatory Meeting for the Midterm Account Settlement for the Fiscal Period Ending in March 2006

Industrial sewing machines remained in strong demand.  
The operating profit increased by 2.8 %.

2 December 2005

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**JUKI**  
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# Part 1

**Business performance for the first half of  
fiscal period (2005) ending in 2006**

Business performance for the first half of the fiscal period (2005) ending in March 2005

Change in business performance: Comparison with the first and second halves of fiscal 2004

Income decreased by 4.7 % from the level reported in the first half of 2004. Operating profit, on the other hand, increased by 2.8 %. Ordinary profit decreased by 67 million yen. The current net profit increased by 1,065 million yen.

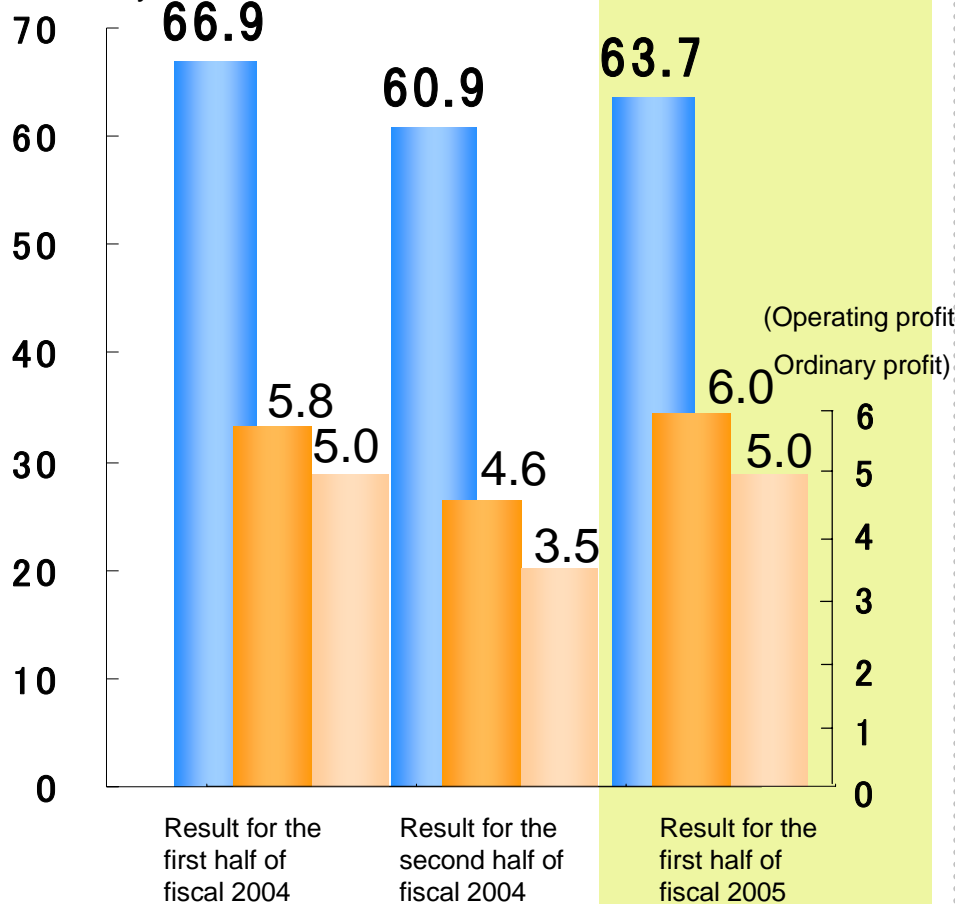
Unit: Million yen

	Result for the first half of fiscal 2004	Result for the second half of fiscal 2004	Result for the first half of fiscal 2005	Comparison with the result for the first half of 2004 Increase/decrease	Comparison with the result for the second half of 2004 Increase/decrease
Amount of sales	6,696.2	6,098.7	6,379.8	△316.4	281.1
Operating profit	582.9	461.2	599.5	16.6	138.3
Ordinary profit	507.9	356.7	501.2	△6.7	144.5
Current net profit	190.4	361.9	296.9	106.5	△65.0

The business result dropped in the second half of 2004. Both the amount of sales and operating profit recovered in the first half of fiscal 2005, however.

(Amount of sales)

Unit: Billion yen



### Amount of sales

The amount of sales dropped in the second half of fiscal 2004. It recovered moderately in the first half of fiscal 2005, but not to the level reported in the first half of fiscal 2004.

### Operating profit

Operating profit dropped in the second half of fiscal 2004 and recovered in the first half of fiscal 2005.

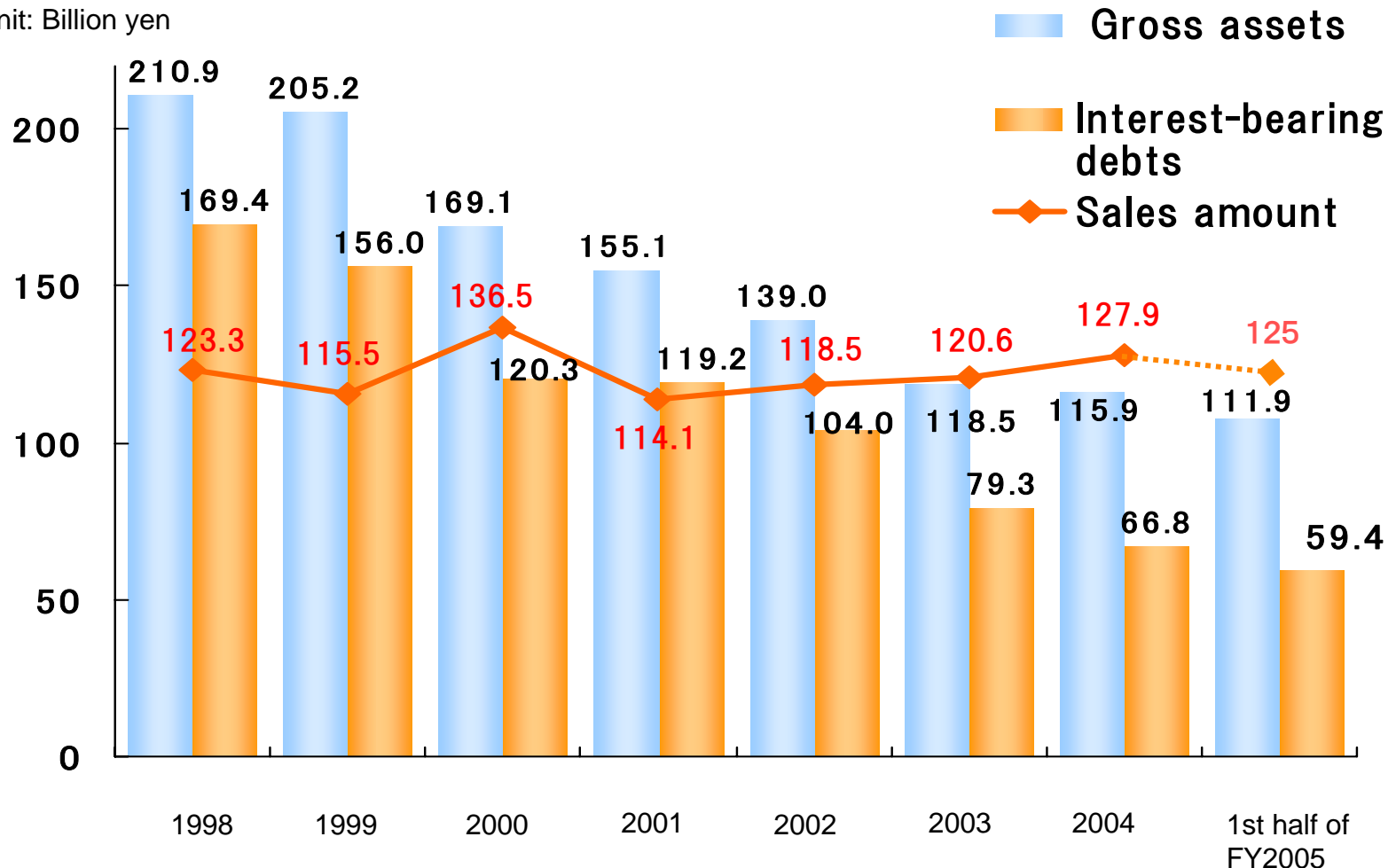
Profit in the first half of fiscal 2005 rose from the level reported in the first half of fiscal 2004.

### Ordinary profit

Ordinary profit dropped in the second half of fiscal 2004 and recovered in the first half of fiscal 2005. Profit for the first half of fiscal 2005 stood at about the same level as that reported in the first half of fiscal 2004.

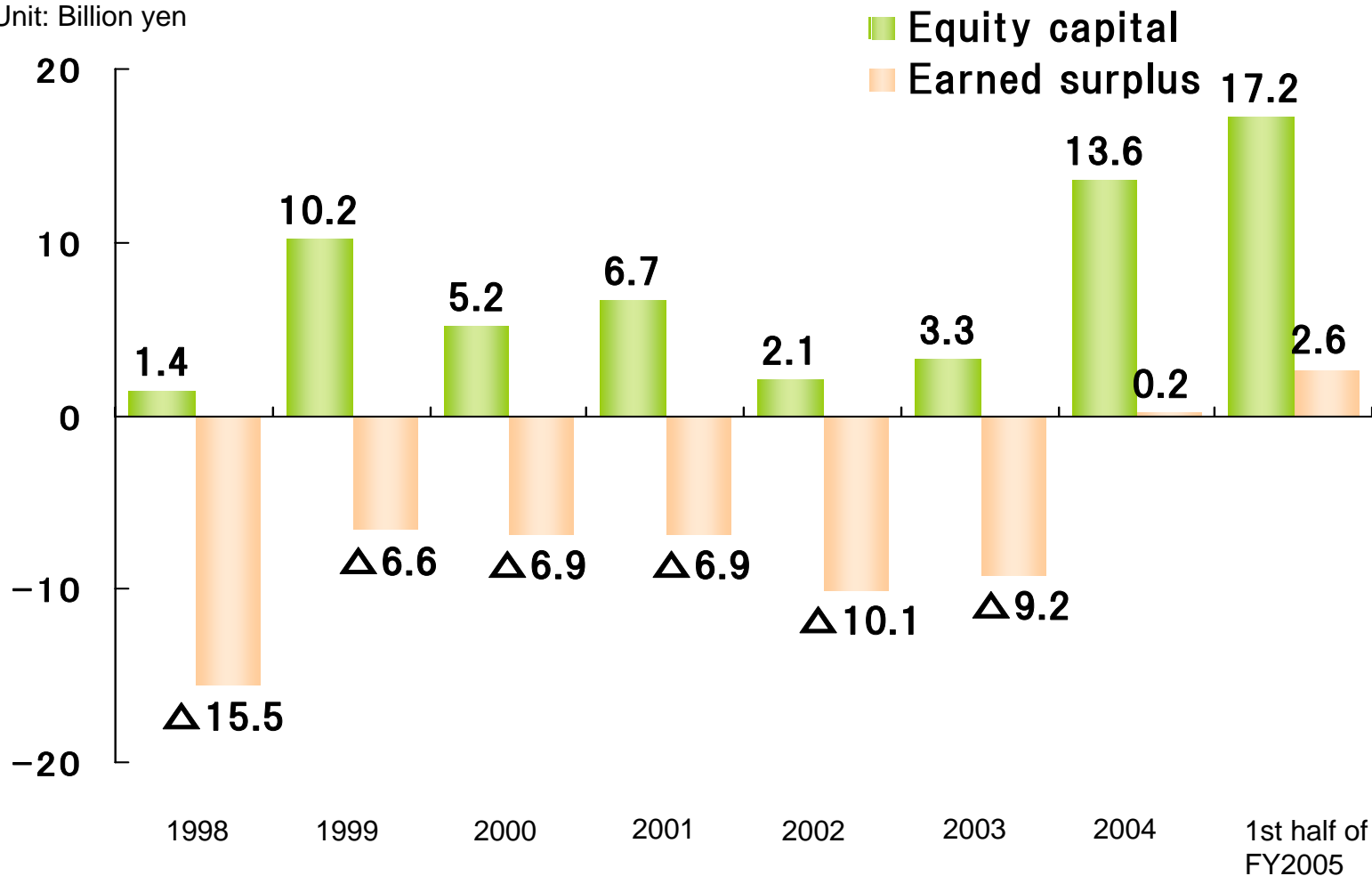
**Gross assets and interest-bearing liabilities both decreased, improving the company balance sheet.**

Unit: Billion yen



Cumulative loss was totally cleared away in fiscal 2004. Equity capital increased.

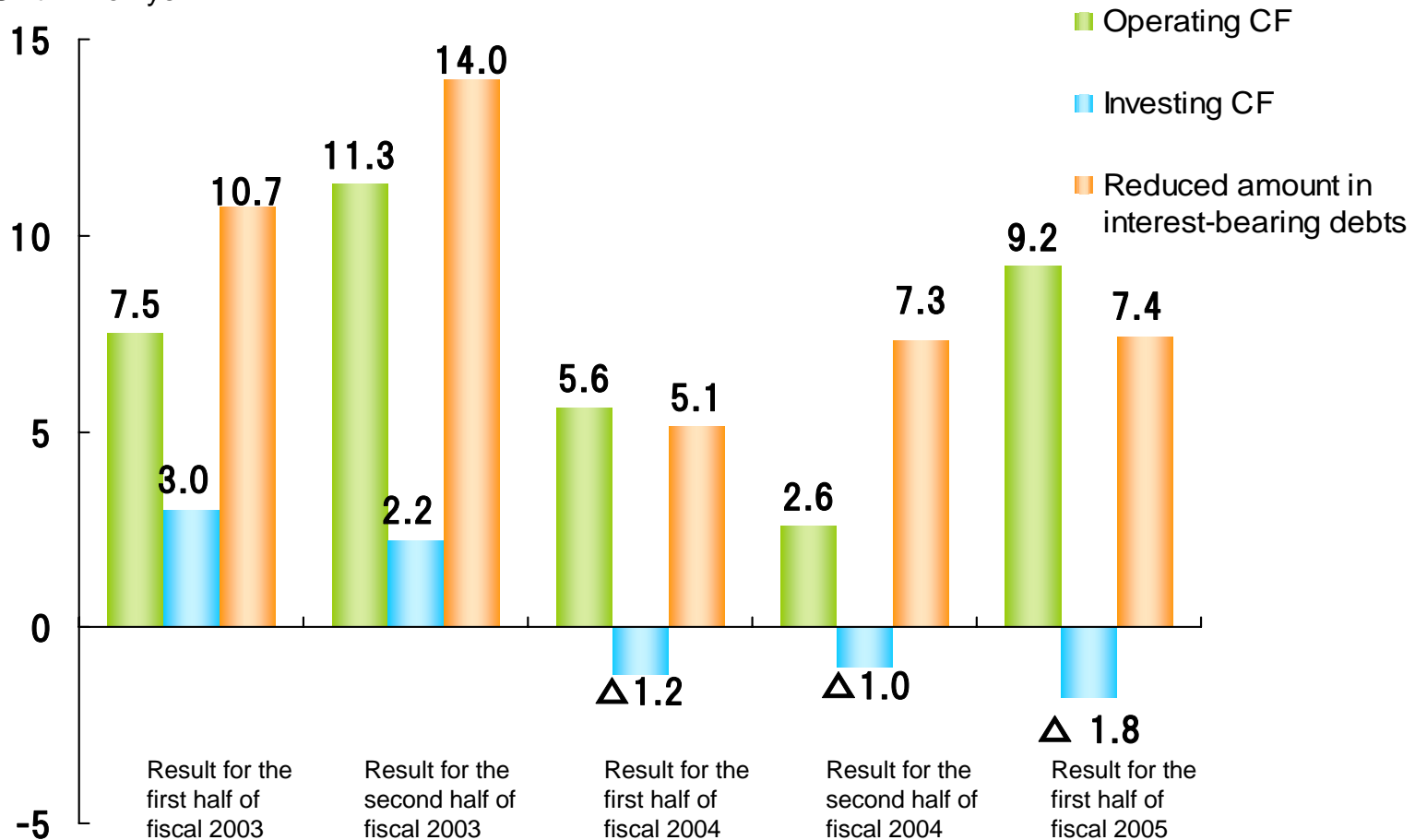
Unit: Billion yen



An operating cash flow of 9.2 billion yen was secured in the first half of fiscal 2005.

— Interest-bearing debts decreased by 7.4 billion yen. —

Unit: Billion yen



# Part 2

**Segment-by-segment business  
performance and trend in the business**

Profits from industrial machines continued to rise. Profits from other segments were all down from the levels reported in the first half of fiscal 2004. Profits in all segments rose from the levels reported in the second half of 2004, however.

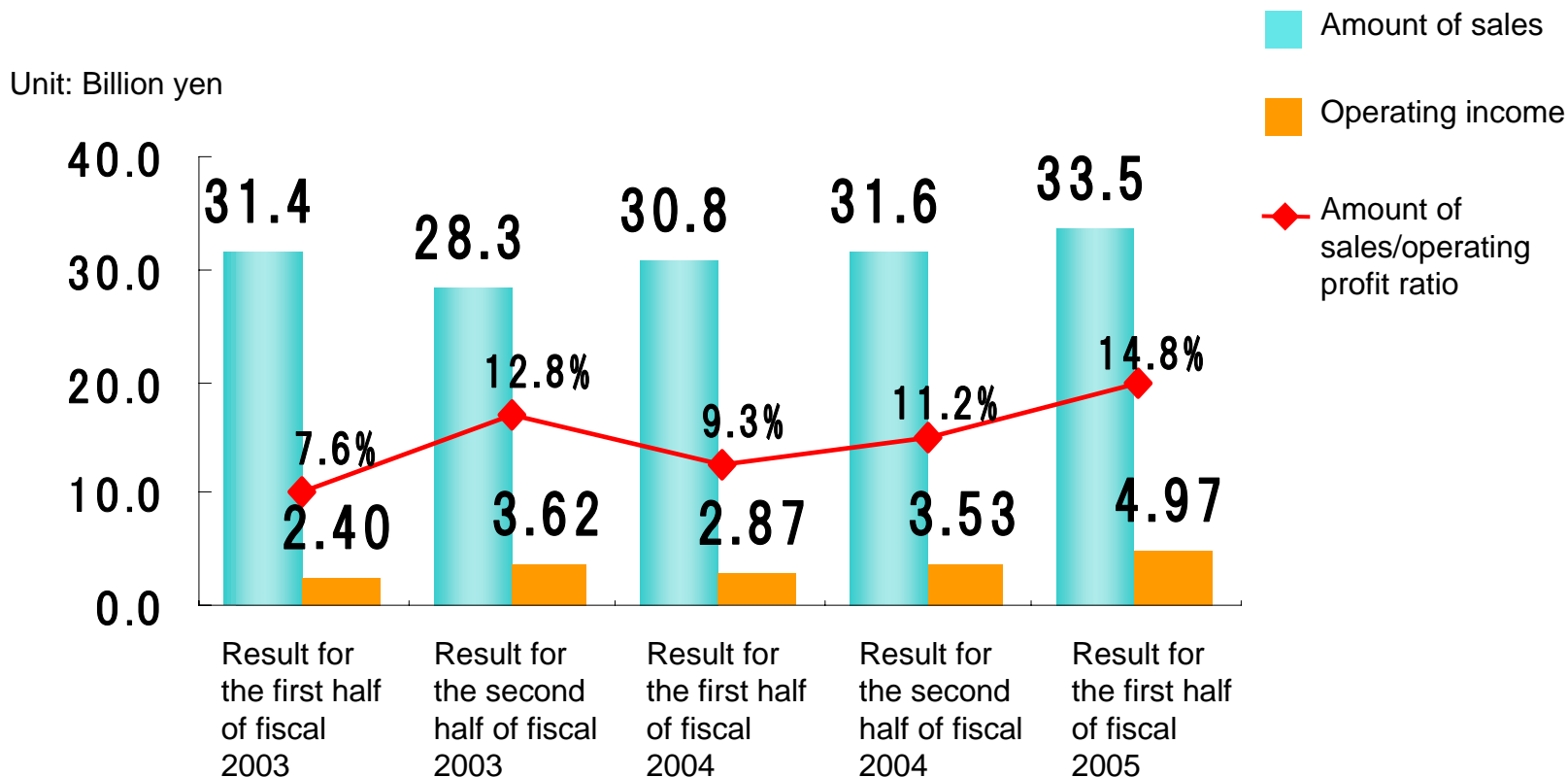
Unit: Billion yen	First half of fiscal 2004	Second half of fiscal 2004	First half of fiscal 2005	Comparison with the first half of fiscal 2004 Increase/decrease	Comparison with the second half of fiscal 2004 Increase/decrease
Industrial sewing machines	3,076.5	3,157.8	3,354.2	277.7	196.4
SMT system	1,268.6	988.2	1,083.8	△184.8	95.6
Household sewing machines	682.3	572.2	575.5	△106.8	3.3
Electronic equipment & computer peripherals	887.5	583.7	711.6	△175.9	127.9
Others	781.1	796.8	654.4	△126.7	△142.4
Total amount of sales	6,696.2	6,098.7	6,379.8	△316.4	281.1

Profits from industrial sewing machines rose for the second consecutive fiscal period. Profits from household sewing machines have continuously decreased.

Unit: Billion yen

	First half of fiscal 2004	Second half of fiscal 2004	First half of fiscal 2005	Comparison with the first half of fiscal 2004 Increase/decrease	Comparison with the second half of fiscal 2004 Increase/decrease
Industrial sewing machines	286.6	352.8	497.2	210.6	144.4
SMT system	103.7	5.9	45.2	△58.5	39.3
Household sewing machines	496	16.9	11.9	△37.7	△5.0
Electronic equipment & computer peripherals	108.5	64.9	79.4	△29.1	14.5
Others	101.9	37.4	28.7	△73.2	△8.7
(Elimination of profit)	△67.5	△16.7	△63.0	4.5	△46.3
Total operating profit	582.9	461.2	599.5	16.6	138.3

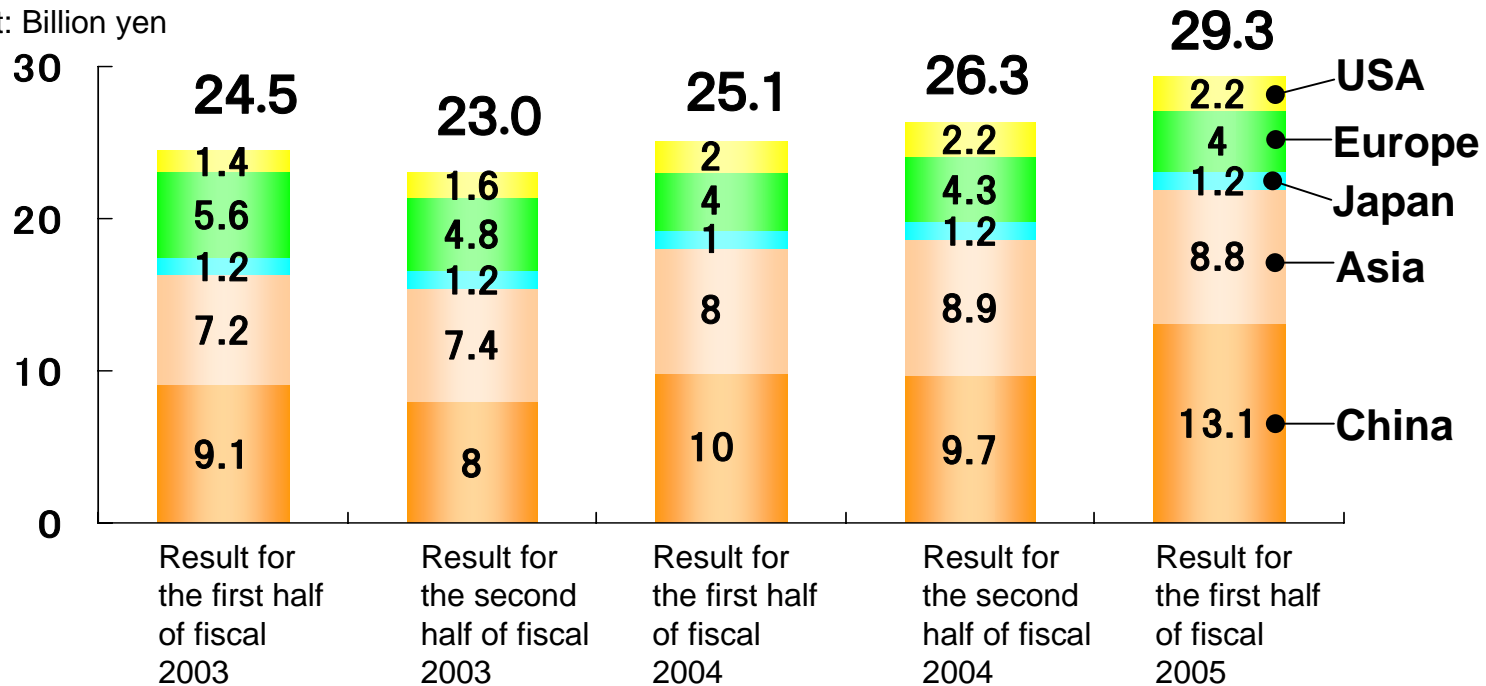
The amount of sales and operating profit both increased robustly.



The operating profit ratio improved due to rising sales of high-value added products.

The amount of sales increased mainly in China and Asia. (The amount of sales that from the sale of parts, etc.)

Unit: Billion yen



The amount of sales in China substantially increased in the first half of fiscal 2005 due to the removal of the quota system (January 2005) and surge in demand during the Chinese New Year.

**JUKI promoted the development of new products as a strategy to position the company far apart from its competitors.**

### Apparel field



**AMS-210E**

Sewing machine provided with a thread trimmer to dramatically shorten the cycle time from sewing to thread trimming when attaching labels, emblems, and name-labels.

### Knit field



**MO-6700D**

Semi-dry head overlock machine designed to prevent defects due to oil stains when sewing knits such as sportswear and underwear.

### Leather and heavy-weight materials

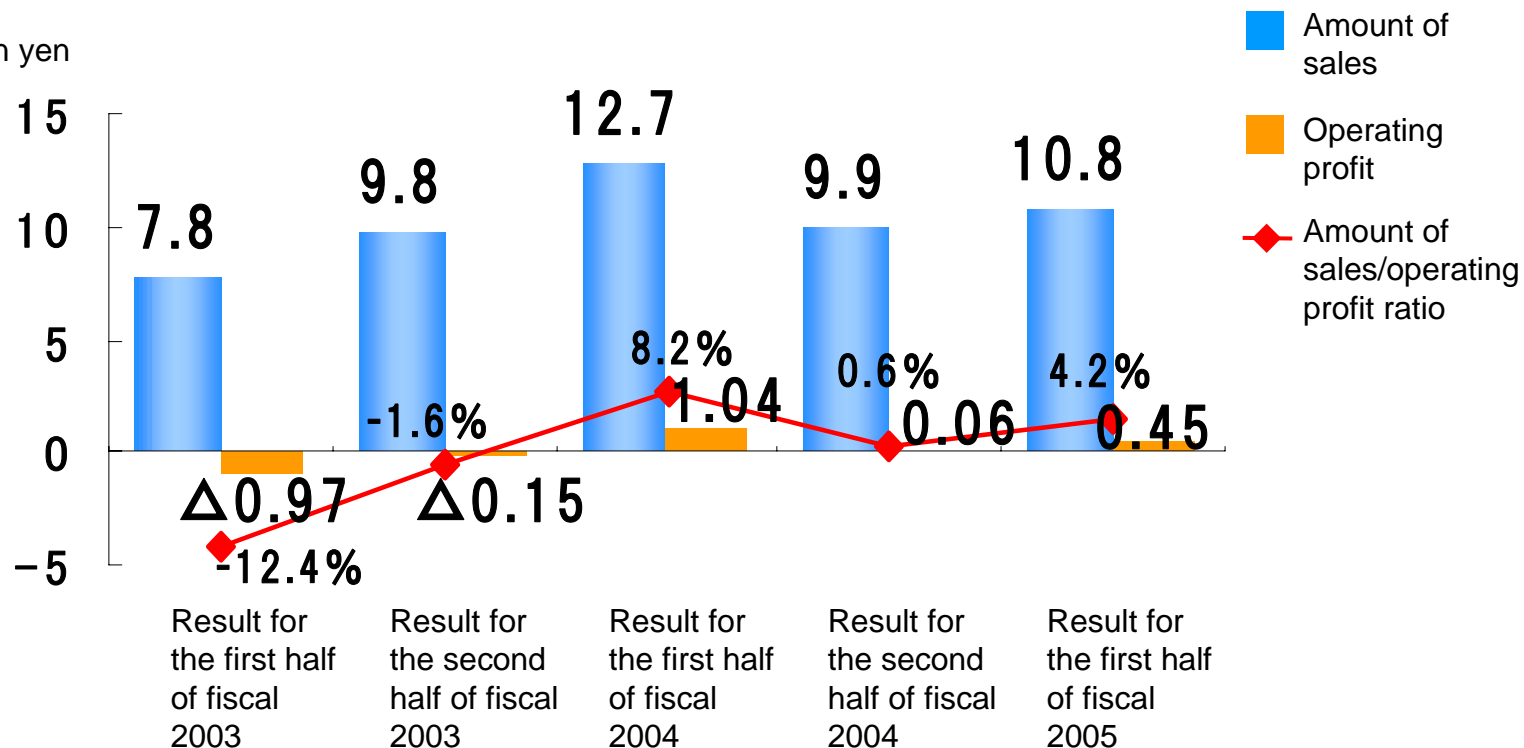


**LU-2212N7**

Sewing machine equipped with an automatic thread trimmer applicable for the sewing of a broader range of leather and heavy-weight materials such as car seats and sofas

The amount of sales and operation profit both improved, but not to the levels reported in the first half of fiscal 2004.

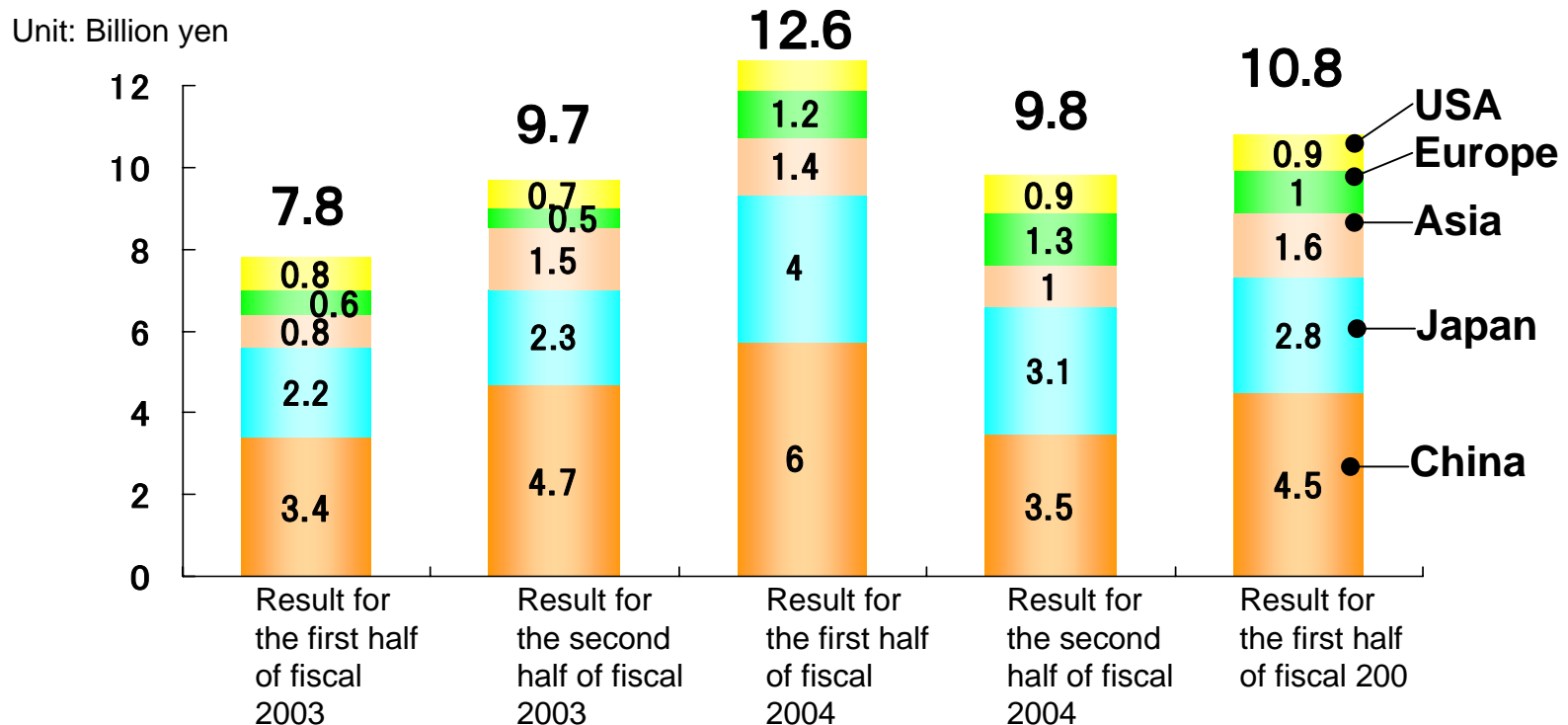
Unit: Billion yen



A profitable trend was established in the first half of fiscal 2004 and beyond.

## SMT systems business: Change in region-by-region sales

The amount of sales recovered to about the 10 billion yen level. Sales improvements were principally achieved through a leveraging of the economic upturn in China and Asia.



The amount of sales recovered from the level reported in the second half of fiscal 2004, but not to the level reported in the first half of fiscal 2004.

## General-purpose modular type CX-1 (launched on the market from October)



### Semiconductor manufacturing device

Semiconductor components (bare chips)



### General- purpose modular type CX-1

### Pick & Placer

Surface-mount components

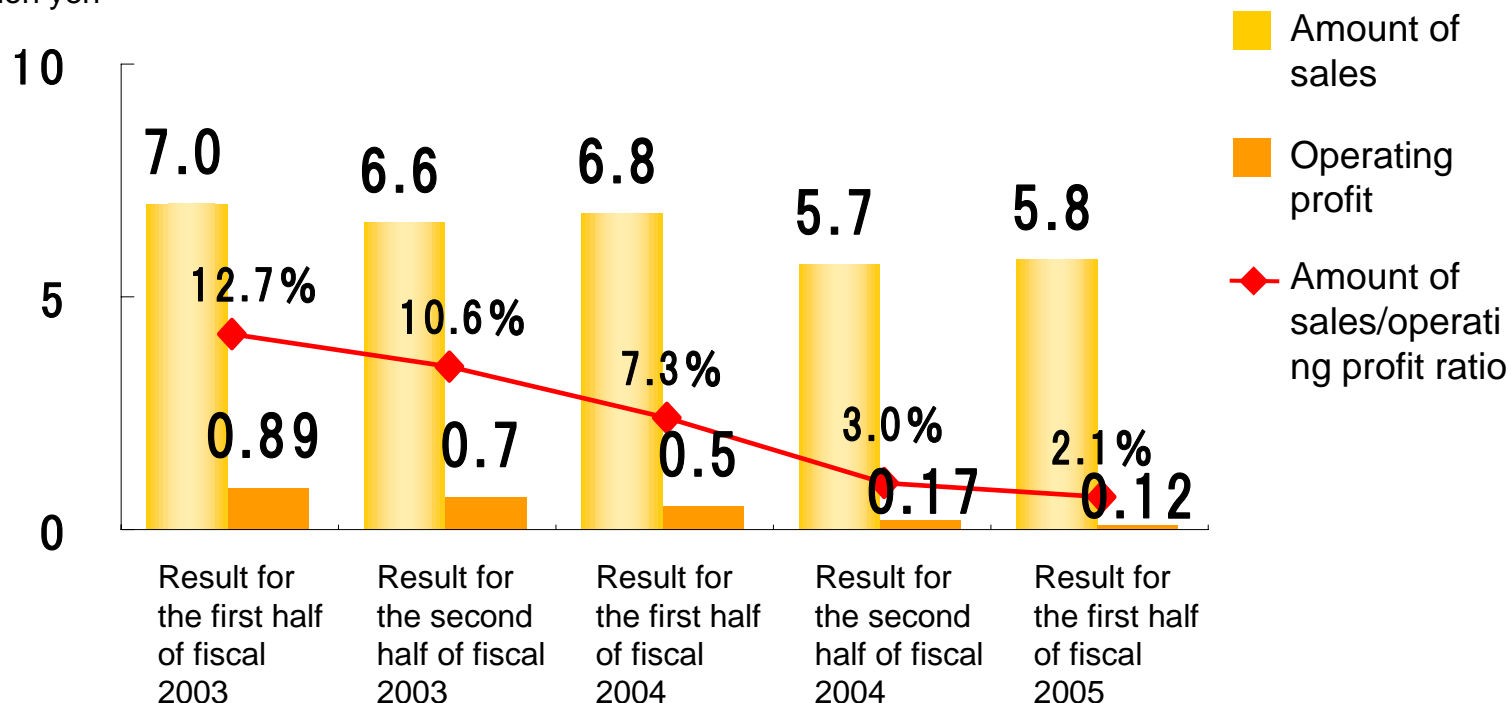


### [Features of CX-1]

- ① [Combined placement is possible.]  
A single unit of the modular type CX-1 is capable of placing semiconductor components and surface-mount components at the same time in a normal operating environment.
- ② [Improved versatility]  
Applicable as a standard pick & placer when the placement of bare chips is not required.

## The downward trend in operating profit continued.

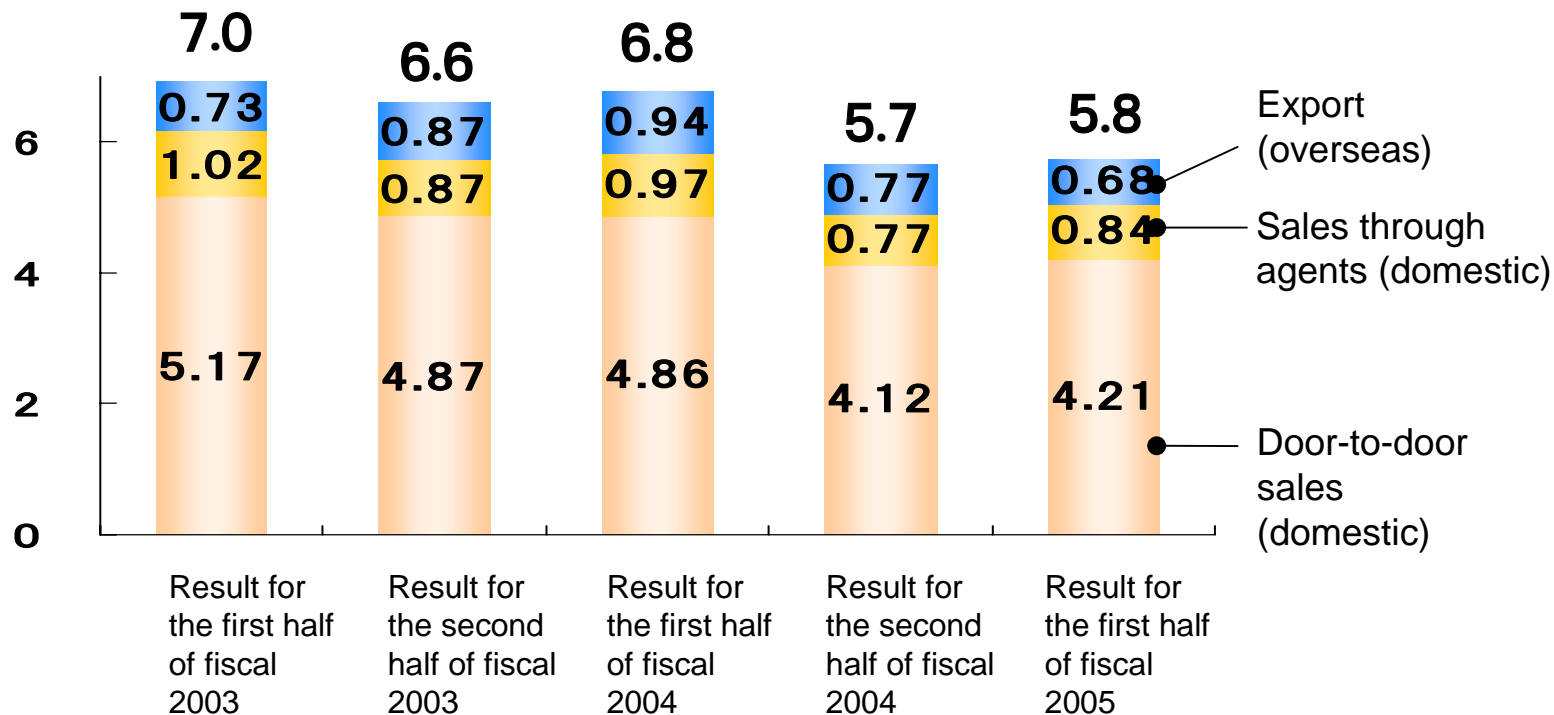
Unit: Billion yen



The amount of sales in the first half of fiscal 2005 rose slightly from the level reported in the second half of fiscal 2004. Operating profit continued to decrease, however.

Revenue from door-to-door sales hovered at a low level.

Unit: Billion yen

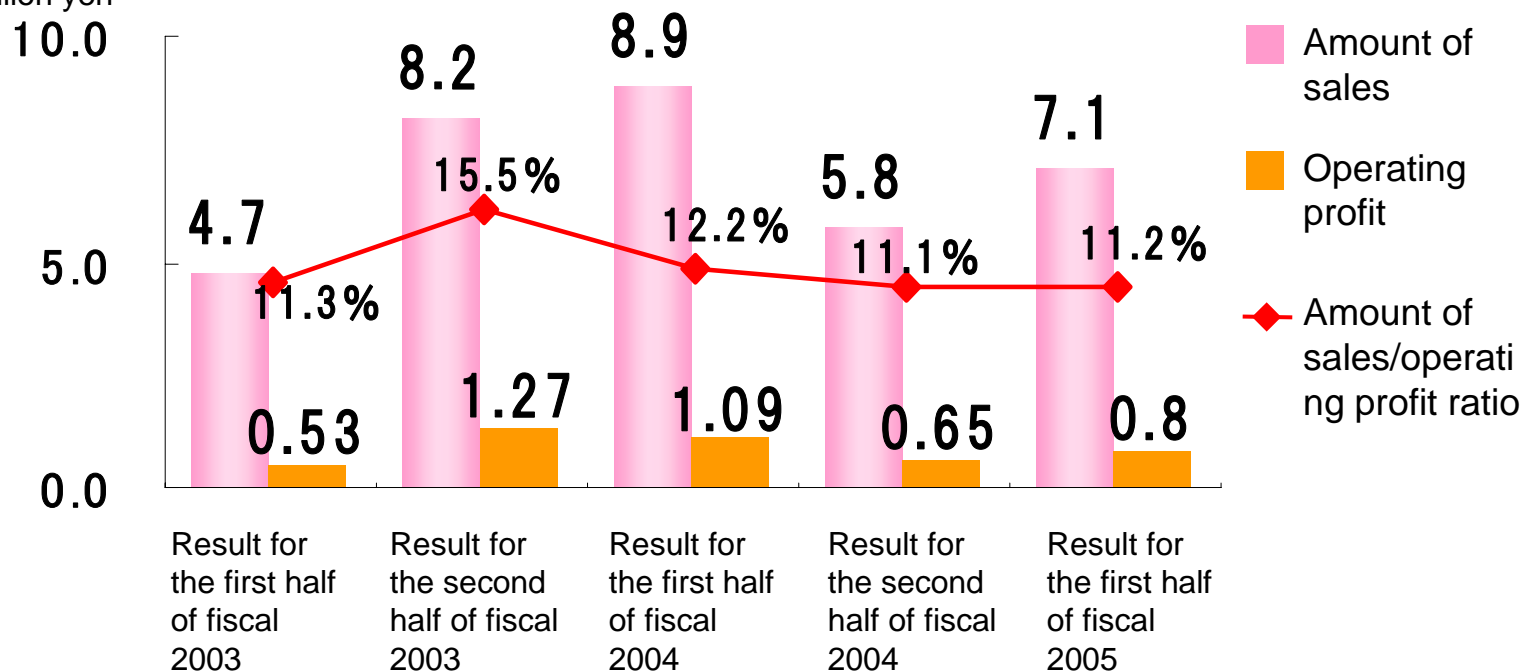


**[Factors responsible for the downturn in door-to-door sales]**

**\* Change in circumstances surrounding door-to-door sales**

Both figures recovered from the levels reported in the second half of fiscal 2004, but not to the levels reported in the first half of 2004.

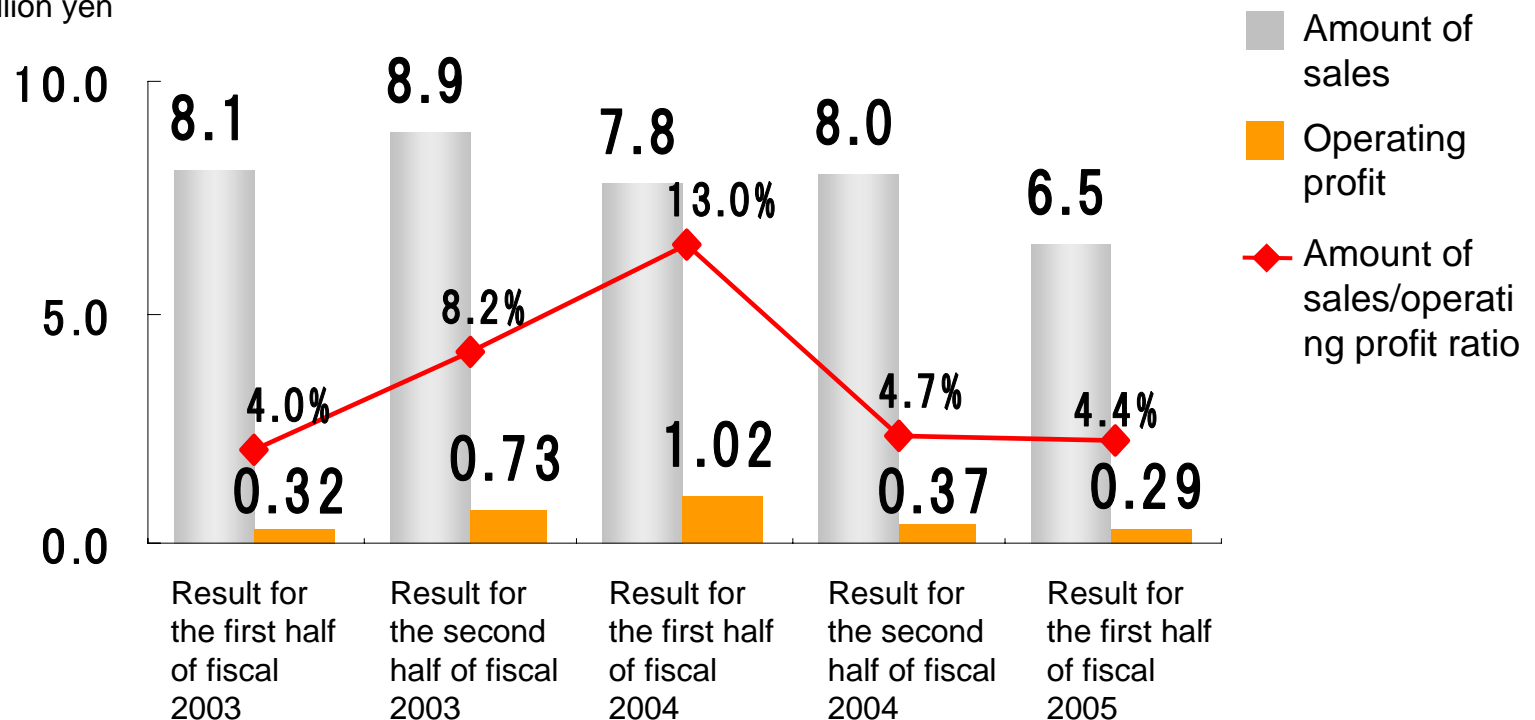
Unit: Billion yen



The amount of sales surged in the second half of fiscal 2003 and the first half of fiscal 2004 due to a special procurement demand. Income and profit both decreased in the second half of fiscal 2004 but rose again in the first half of fiscal 2005.

Both the amount of sales and operating profit decreased due a decline in the special procurement demand and other causes.

Unit: Billion yen



## Part 3

**Business performance forecast throughout  
the fiscal period (2005) ending March 2006**

Revised values for 8/4 are maintained.

Unit: Billion yen

	Result for fiscal 2004	8/4 forecast	Forecast throughout fiscal 2005	Increase/decrease in comparison with the result for the previous year
Amount of sales	12,794.9	12,500	12,500	△294.9
Operating profit	1,044.1	1,100	1,100	55.9
Ordinary profit	864.6	900	900	35.4
Current net profit	552.3	4600	460	△92.3

\* The dividend will be JPY6, an increase from the JPY2 dividend paid out the year before.

### 3-2-1

## Segment-by-segment business performance forecast: Year-on-year comparison of sales

The amount of sales of industrial sewing machines is expected to increase. For the other segments, however, sales are expected to decrease.

Unit: Billion yen

	Result for fiscal 2004	Forecast throughout fiscal 2005	Increase/decrease in comparison with the result for the previous year
Industrial sewing machines	6,234.3	6,500	265.7
SMT system	2,256.8	2,150	△106.8
Household sewing machines	1,254.5	1,150	△104.5
Electronic equipment & computer peripherals	1,471.2	1,400	△71.2
Others	1,577.9	1,300	△277.9
Total amount of sales	12,794.9	12,500	△294.7

The rise in the operating profit achieved by industrial sewing machines is expected to cover the total decrease suffered by the other segments.

Unit: Billion yen

	Result for fiscal 2004	Forecast throughout fiscal 2005	Increase/decrease in comparison with the result for the previous year
Industrial sewing machines	639.4	850	210.6
SMT system	1,09.6	100	Δ9.6
Household sewing machines	66.5	20	Δ46.5
Electronic equipment & computer peripherals	173.4	150	Δ23.4
Others*	55.1	Δ20	Δ75.1
<b>Total operating profit</b>	<b>1,044.1</b>	<b>1,100</b>	<b>56.0</b>

\* Elimination of profits are included.

The prospective future results described in this document are only forecasts determined based on the currently available information. Potential risks and uncertain factors are not included in the forecast. Accordingly, please take a note that the actual results in the future may differ from the results herein forecasted.

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