

Summary of Financial Statements (Based on J-GAAP)

August 12, 2010

Company Name: Sodick Co., Ltd.

Stock Exchange: Tokyo Stock Exchange, 2nd Section

Code Number: 6143

URL: <http://www.sodick.co.jp>

Representative: Katsuhide Fujiwara, Representative Director; President

Contact: Kenichi Furukawa, Executive Managing Director

Tel: +81-45-942-3111

Filing date of quarterly financial statement: August 12, 2010

Date of Dividend Payout: —

Preparation of supplemental explanatory materials for quarterly account closing: None

Results briefing on quarterly account closing: None

(Amounts less than one million yen have been omitted)

1. Consolidated Results for the 1st Quarter 2011 (from April 1, 2010 to June 30, 2010)

(1) Consolidated Financial Results (for 3 months)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
1Q FY 2011	11,804	69.5	780	—	41	—	(212)	—
1Q FY 2010	6,962	(48.6)	(1,322)	—	(1,104)	—	(999)	—

	Net Income Per Share	Net Income Per Share After Dilution
	¥	¥
1Q FY 2011	(4.29)	—
1Q FY 2010	(20.19)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	¥ Million	¥ Million	%	¥
1Q FY 2011	74,041	23,583	29.7	444.48
FY 2010	72,767	23,848	30.6	449.54

Note: Shareholders' equity: 1Q FY 2010: 22,007 million yen FY 2010: 22,257 million yen

2. Cash Dividends

	Annual Dividends				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
	¥	¥	¥	¥	¥
FY 2010	—	0.00	—	0.00	0.00
FY 2011	—	—	—	—	—
FY 2011 (Forecast)	—	—	—	—	—

Note: Changes in estimate of the dividend: None

Presently, no dividend projections for the fiscal year ending March 2011 have been determined.

3. Forecast for the Year Ending March 31, 2011 (from April 1, 2010, to March 31, 2011)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Six months to September 30, 2010	21,500	39.0	400	—	170	—	40	—	0.81
Year to March 31, 2011	44,500	21.1	1,200	—	740	—	315	—	6.36

Note: Changes in estimates of the consolidated result: None

4. Other Information (For details, refer to “Other Information” section on page 3 of the Attachment)

- (1) Changes in important subsidiaries during the term under review: None

Note: This item inquires whether changes occurred during the period under review in specified subsidiaries in conjunction with a change in the scope of consolidation.

- (2) Application of simplified accounting treatment and special accounting treatment: Yes

Note: This item inquires whether the reporting entity applies simplified accounting treatment and special accounting treatment in the preparation of quarterly consolidated financial statements

- (3) Changes in accounting principles, procedures and method of presentation:

(i) Changes due to the revision of Financial Accounting Standards: Yes

(ii) Other changes: None

Note: This item inquires whether changes did occur (which are noted in “Changes in the basis of preparation of consolidated quarterly financial statements” if any) in the accounting principles, procedures, and presentation, etc., used in the preparation of quarterly consolidated financial statements.

- (4) Number of shares issued and outstanding (shares of common stock)

(i) Shares issued and outstanding as of the balance sheet date (including treasury shares)	1Q FY 2011	53,432,510 shares	FY 2010	53,432,510 shares
(ii) Number of treasury shares as of the balance sheet date	1Q FY 2011	3,920,647 shares	FY 2010	3,920,587 shares
(iii) Average number of shares (consolidated quarter results)	1Q FY 2011	49,511,874 shares	1Q FY 2010	49,512,466 shares

*** Implementation of quarterly review procedures**

This summary of quarterly financial statements is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this summary of quarterly financial statements, the review procedures of quarterly financial statements pursuant to the FIEA were not completed.

*** Disclaimer**

1. The above forecasts are based on judgments made in accordance with information available at the time these materials were prepared, and contain numerous uncertainties. Changing conditions and other factors may cause actual results to differ from the results in these forecasts.
2. No dividend projections for the fiscal year ending March 2011 have been determined at this point, given the uncertain outlook for the operating environment. Year-end dividend estimates will be released immediately when available, taking into account the future trend in earnings.

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1. Qualitative Information on Consolidated Financial Results

(1) Management Discussion and Analysis

The Japanese economy in the period under review experienced a moderate recovery with signs of improvement in some areas of manufacturing due to rebounding exports. However, amid the European debt crisis and progressing yen appreciation, concerns over the economic outlook have been mounting, leaving a self-sustaining recovery unattained.

In this operating environment, compared with the cautious stance on capital investment in Japan and in Europe, demand related to capital investment was robust in greater China thanks to the economic recovery playing out ahead of other regions. The Group focused on sales activities in this part of Asia, including through active participation in machine tool trade fairs, while working on business development in emerging economies such as India and Brazil where growth prospects are favorable. Moreover, incepted as a step to optimize the global production structure, the Group started production at its Amoy (China) plant, which offers cost competitiveness advantages in the manufacture of plastic injection molding machines, a main product of the Group's Industrial Machinery Operations. Further efforts were made also to enhance earnings and profitability, such as by moving into LED lighting solutions, a field that has come into new focus in the wake of mounting ecological concerns in recent years.

As a result of these developments, sales for the period under review increased ¥4,841 million, or 69.5%, on the year to ¥11,804 million. Operating income and ordinary income posted ¥780 million and ¥41 million, respectively (compared with losses of ¥1,322 million and ¥1,104 million, respectively, a year earlier). However, due to an extraordinary loss recognized in connection with the adoption of accounting for asset retirement obligations, the Group posted a net loss of ¥212 million for the period (compared with a net loss of ¥999 million a year earlier).

(2) Consolidated Financial Position

Consolidated assets increased ¥1,273 million from the end of the previous fiscal year to ¥74,041 million. The main factor behind the rise was a ¥1,440 million expansion in inventories.

Consolidated liabilities, compared with the end of the previous fiscal year, increased ¥1,538 million to ¥50,457 million. This was mainly due to a ¥2,048 million increase in trade notes and accounts payable.

Net assets fell ¥265 million from the end of the previous fiscal year to ¥23,583 million due to the ¥212 million net loss for the quarter.

(3) Consolidated Financial Results Forecasts

Operating results for the period under review reflect stronger capital expenditure demand for machine tools than originally expected, centered on greater China. However, given the uncertain market outlook amid concerns over the European debt crisis and continuing yen appreciation, the Group leaves its earnings projections released on May 18, 2010, unchanged.

2. Other Information

(1) Summary of changes in important subsidiaries

No relevant category.

(2) Summary of simplified and special accounting treatments

(Simplified accounting treatments)

(i) Calculation method for general bad debt estimates

In cases where the actual consolidated default ratio at the end of the period under review displays no significant variation compared with the value calculated for the end of the previous fiscal year, the Company calculates the estimated bad debt amount using the actual consolidated default ratio and other factors as of the end of the previous fiscal year.

(ii) Valuation of inventories

For the calculation of consolidated inventories at the end of the period under review, physical inventory-taking has been omitted. Inventories have been calculated using a reasonable method based on the physical inventory-taking at the end of the previous fiscal year.

(iii) Calculation of depreciation charges for property, plant, and equipment

For assets depreciated according to the declining balance method, depreciation for the fiscal year is charged prorated on a periodic basis.

(iv) Calculation method for income taxes and deferred tax assets and liabilities

In the calculation of payable income tax amounts, the Company considers only significant items with regard to adjustments in taxable income and tax credits.

As there has been no significant change in business environment since the end of the previous consolidated fiscal year nor in the emergence of temporary differences, the Company judges the recoverability of deferred income tax assets on the basis of methods utilizing the consolidated financial results forecast employed at the end of the previous fiscal year as well as tax planning methods.

(3) Summary of changes in accounting principles, procedures, and method of presentation, etc.

(i) Changes in regard to accounting standard

(Application of “Accounting Standard for Asset Retirement Obligations”)

Beginning with the period under review, the Company applies the “Accounting Standard for Asset Retirement Obligations” (Business Accounting Standard No. 18; March 31, 2008 and the “Application Guideline for the Accounting Standard for Asset Retirement Obligations” (Business Accounting Standard Application Guideline No. 21; March 31, 2008).

This accounting change reduces operating income and ordinary income respectively by ¥2 million and increases income before income taxes by 199 million yen.

(Application of the Accounting Standard for Business Combinations)

Beginning with the period under review, the Company applies the “Accounting Standard for Business Combinations” (Business Accounting Standard No. 21; December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (Business Accounting Standard No. 22; December 26, 2008), the “Accounting Standard for Research and Development Costs, Partial Revision” (Business Accounting Standard No. 23; December 26, 2008), the “Accounting Standard for Business Divestitures” (Business Accounting Standard No. 7; December 26, 2008), and the “Accounting Standard for Equity Method Consolidation” (Business Accounting Standard No. 16; Release of December 26, 2008), as well as the “Application Guidelines concerning the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures” (Business Accounting Standard Application Guideline No. 10; December 26, 2008).

(ii) Change in the method of presentation

(Consolidated statements of income)

Due to the application of the “Cabinet Office Ordinance concerning the Partial Revision of the Regulations for Terminology, Forms, and Preparation of Financial Statements, Etc.” (Cabinet Office Ordinance No. 5; March 24, 2009) pursuant to the “Business Accounting Standard for Consolidated Financial Statements” (Business Accounting Standard No 22; December 26, 2008), for the period under review, “Loss before minority interest” is presented as an account item.

Since in the period under review the item “Commission income” exceeded 20% of total non-operating income, “Commission income” beginning with the period under review is stated separately and not as previously in “Other non-operating income.” “Commission income” included in “Other non-operating income” in the previous first quarter totaled ¥1million.

(4) Summary of material matters concerning the going-concern assumption

No relevant category.

3. Consolidated Financial Statements**(1) Consolidated balance sheets**

(In million yen)

	1Q FY 2011 (As of June, 2010)	Summary of Consolidated Balance Sheets for previous FY (Ended March 31, 2010)
Assets		
Current Assets		
Cash and deposits	15,966	15,817
Notes and accounts receivable – trade	12,256	11,801
Commodity and merchandise	4,510	4,690
Work-in-process	4,359	4,160
Raw materials and inventory	6,167	4,745
Other current assets	1,734	1,657
Allowance for doubtful accounts	(662)	(717)
Total Current Assets	44,332	42,156
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	18,845	18,880
Machinery, equipment and vehicles	12,349	12,362
Other fixed assets	11,135	11,365
Accumulated depreciation	(18,986)	(18,821)
Total Tangible Fixed Assets	23,343	23,786
Intangible Fixed Assets		
Goodwill	1,896	1,946
Other intangible fixed assets	792	797
Total Intangible Fixed Assets	2,688	2,743
Investments and other assets		
Other assets	4,030	4,350
Allowance for doubtful accounts	(354)	(269)
Total investments and other assets	3,675	4,081
Total Fixed Assets	29,708	30,611
Total Assets	74,041	72,767

(In million yen)

	1Q FY 2011 (As of June, 2010)	Summary of Consolidated Balance Sheets for previous FY (Ended March 31, 2010)
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	9,086	7,037
Short-term loans payable	21,533	21,687
Long-term borrowings redeemable within one year	2,933	2,976
Income taxes payable	167	188
Allowance	429	560
Other current liabilities	5,132	4,330
Total Current Liabilities	39,282	36,781
Fixed Liabilities		
Corporate bonds	242	792
Long-term loans payable	8,757	9,303
Provision for retirement benefits	1,012	1,005
Allowance	118	132
Asset removal obligations	200	—
Other fixed liabilities	843	903
Total Fixed Liabilities	11,175	12,137
Total Liabilities	50,457	48,919
Net Assets		
Shareholders' Equity		
Capital stock	20,775	20,775
Capital surplus	5,879	6,949
Retained earnings	(1,103)	(1,990)
Treasury stock	(2,135)	(2,135)
Total Shareholders' Equity	23,415	23,599
Evaluation and conversion difference		
Unrealized gain (loss) on available-for-sale securities	(23)	33
Foreign currency translation adjustment	(1,384)	(1,375)
Total evaluation and conversion difference	(1,408)	(1,341)
Subscription rights to shares	23	24
Minority interests	1,552	1,566
Total Net Assets	23,583	23,848
Total Liabilities and Net Assets	74,041	72,767

(2) Statements of Income

(In million yen)

	1Q FY 2010 (April 1, 2009 – June 30, 2009)	1Q FY 2011 (April 1, 2010 – June 30, 2010)
Net Sales	6,962	11,804
Cost of Sales	5,415	8,247
Gross Profit	1,547	3,556
Reversal of Unrealized Income on Installment Sales	1	0
Gross Profit after Income Deferrals	1,549	3,556
Selling, General and Administrative Expenses		
Personal expenses	1,107	1,058
Reversal of allowance for loan losses	120	121
Other	1,644	1,596
Total selling, general and administrative expenses	2,872	2,776
Operating Income (Loss)	(1,322)	780
Non-operating Income		
Interest income	4	5
Dividends income	7	8
Commission income	—	31
Foreign exchange loss	434	—
Other non-operating income	177	82
Total Non-operating Income	624	127
Non-operating Expenses		
Interest expenses	173	143
Foreign exchange loss	—	580
Equity in earnings of affiliates	16	—
Syndicate loan expenses	150	—
Other non-operating expenses	66	142
Total non-operating expense	406	867
Ordinary Income (Loss)	(1,104)	41

(In million yen)

	1Q FY 2010 (April 1, 2009 – June 30, 2009)	1Q FY 2011 (April 1, 2010 – June 30, 2010)
Extraordinary Income		
Gain on sales of fixed assets	0	44
Gain on reversal of allowance for loan losses	107	28
Other extraordinary income	38	29
Total Extraordinary Income	146	101
Extraordinary Loss		
Amortization of goodwill	—	118
Change amount attributable to the application of the Business Accounting Standard for Asset Retirement Obligations	—	155
Special retirement payments	65	—
Other extraordinary losses	9	29
Total extraordinary loss	74	304
Loss before Income Taxes	(1,032)	(161)
Current Income Taxes	6	105
Income Taxes for Prior Periods	(27)	(10)
Deferred Income Taxes	69	(43)
Total Income Taxes	48	51
Loss before Minority Interest	—	(213)
Minority Interests Loss	(81)	(0)
Net Loss	(999)	(212)

(3) Consolidated Statement of Cash Flows

(In million yen)

	1Q FY 2010 (April 1, 2009 – June 30, 2009)	1Q FY 2011 (April 1, 2010 – June 30, 2010)
Cash Flows from Operating Activities		
Income (Loss) before income taxes	(1,032)	(161)
Depreciation	747	540
Amortization of goodwill	109	168
Change in provisions for doubtful accounts	(101)	71
Interest and dividend income	(12)	(14)
Interest expenses	173	143
Foreign exchange loss (gain)	(175)	505
Loss (gain) on sale and retirement of fixed assets	8	(44)
Loss (gain) in trade receivables	4,248	(797)
Loss (gain) in inventories	1,138	(1,640)
Gain (loss) in trade payables	(2,516)	2,356
Gain (loss) in other accounts payable	(175)	73
Other operating cash flows	(151)	289
Subtotal	2,261	1,491
Interest and dividend income received	12	14
Interest expenses paid	(141)	(168)
Special retirement payments	(65)	—
Income taxes returned (paid)	303	(95)
Net cash provided by operating activities	2,370	1,242
Cash Flows from Investing Activities		
Increase in time deposits	(200)	—
Decrease in time deposits	—	0
Expenses for purchases of property, plant, and equipment	(135)	(146)
Proceeds from sale of property, plant, and equipment	57	35
Expenses for purchase of intangible assets	(33)	(32)
Proceeds from sale of intangible assets	0	—
Expenses for purchase of investment securities	(1)	(0)
Proceeds from sale of investment securities	—	34
Expense for purchase of shares in subsidiaries and affiliates	(234)	—
Proceeds from sale of shares in subsidiaries and affiliates	8	—
Expenses for purchase of shares in subsidiaries resulting in a change in the scope of consolidation	—	(71)
Expenses for loans provided	(107)	(4)
Proceeds from loans collected	43	18
Other investing cash flows	(26)	(75)
Net cash used in investing activities	(628)	(243)

(In million yen)

	1Q FY 2010 (April 1, 2009 – June 30, 2009)	1Q FY 2011 (April 1, 2010 – June 30, 2010)
Cash Flows from Financing Activities		
Change in short-term borrowings	(1,405)	(21)
Expenses for redemption of long-term borrowings	(524)	(591)
Expenses for redemption of bonds	(50)	(50)
Expenses for purchase of treasury shares	(0)	(0)
Expenses for payment of finance lease obligations	(80)	(103)
Other financing cash flows	(150)	(0)
Net cash flows from financing activities	(2,210)	(766)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	249	(271)
Net Change in Cash and Cash Equivalents	(220)	(39)
Cash and Cash Equivalents, Beginning of Year	18,693	15,804
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	—	189
Net Cash and Cash Equivalents, End of the 1st Quarter	18,473	15,955

(4) Notes on premise of going concern

No relevant category.

(5) Segment Information

(Additional information)

Beginning with the period under review, the Company applies the “Business Accounting Standard for Segment Information Disclosure” (Business Accounting Standard No. 17; March 27, 2009) and the “Application Guideline concerning the Business Accounting Standard for Segment Information Disclosure” (Business Accounting Standard Application Guideline No. 20; March 21, 2008).

1. Summary of Reportable Segments

Reportable segments of the Company are structural units of the Company for which segregated financial information is available and which are periodically reviewed to enable directors to take decisions on the allocation of management resources and assess operating performance.

The Company has the following reportable segments, which formulate comprehensive strategies of products and services and engage in business activities: in Machine Tool Operations, the five reportable segments “Japan,” “North and South America” (U.S.A.), “Europe” (Germany, England), “Greater China” (China, Taiwan, Hong Kong), “Other Asia” (Thailand, Singapore, Korea), and further to Machine Tool Operations, the four reportable segments Industrial Machinery Operations, High-precision Mold and Die Machinery Operations, Food Processing Machinery Operations, and Elemental Technology Operations.

The Machine Tool Operations segment engages in the development, manufacture, and selling of NC electric discharge machining tools and machining centers. The Industrial Machinery Operations segment engages in the development, manufacture, and selling of plastic injection molding machines. The High-precision Mold and Die Machinery Operations segment engages in the development, manufacture, and selling of processed synthetic resin products, etc. The Food Processing Machinery Operations segment engages in the development, manufacture, and selling of noodle production plant and machinery. And the Elemental Technology Operations segment engages in the development, manufactures, and selling of products for linear motor application products, comprehensive production systems for dies and molds, ceramics products, and related equipment.

2. Information by reportable segment on sales and income amounts

1st Quarter 2011 (from April 1, 2010, to June 30, 2010)

(In million yen)

	Reportable Segment								
	Machine Tool Operations								Industrial Machinery Operations
	Japan (Note 1)	North and South America	Europe	Greater China	Other Asia	Total	Adjustment amount (Note 2)	Machine Tool Operations Total	
Net Sales									
Sales to outside customers	2,800	692	1,076	2,008	643	7,222	—	7,222	2,228
Inter-segment sales or transfers	1,991	52	5	435	2,059	4,544	(4,483)	60	5
Total	4,792	745	1,082	2,444	2,702	11,766	(4,483)	7,282	2,234
Segment income (loss)	798	71	17	144	16	1,047	(19)	1,028	67

	Reportable Segment					Others (Note 3)	Total	Adjustment amount (Note 4)	Amount stated on the consolidated statement of income for the quarter
	High-precision Mold and Die Machinery Operations	Food Processing Machinery Operations	Elemental Technology Operations	Reportable Segment Total					
Net Sales									
Sales to outside customers	1,024	756	540	11,771	32	11,804	—	11,804	
Inter-segment sales or transfers	0	—	378	446	72	518	(518)	—	
Total	1,025	756	919	12,217	105	12,323	(518)	11,804	
Segment income (loss)	114	3	28	1,242	(38)	1,204	(423)	780	

Notes: 1. The category “Machine Tool Operations / Japan” includes overseas sales (Korea, Taiwan, India, etc.) for which orders were received in Japan.

2. The segment income (loss) adjustment amount of -¥19 million includes ¥19 million in eliminations of inter-segment transactions.

3. The “Others” category refers to business segments such as lease operations and printing operations not included in reportable segments.

4. The segment income (loss) adjustment amount of -¥423 million includes ¥1 million in eliminations of inter-segment transactions and -¥425 million in group overhead not attributable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to reportable segments.

5. Segment income (loss) has been reconciled with the operating income stated on the consolidated statement of income for the period.

(6) Notes in case of significant variation in shareholders' equity

No significant changes.