

Summary of Financial Statements (J-GAAP) (Consolidated)

February 14, 2014

Company Name: Sodick Co., Ltd. Stock Exchange: Tokyo Stock Exchange, 2nd Section
 Code Number: 6143 URL: <http://www.sodick.co.jp>
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 Scheduled date of filing Quarterly Securities Report : February 14, 2014
 Scheduled commencement date of dividend payout : —
 Quarterly earnings supplementary explanatory documents : None
 Quarterly earnings presentation : None

(Amounts of less than one million yen have been omitted)

1. Consolidated Results for the 3rd Quarter 2014 (from April 1, 2013 to December 31, 2013)

(1) Consolidated financial results (for 9 months) (Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
3Q FY 2014	40,871	(3.2)	1,588	(60.6)	2,690	(35.2)	2,161	(31.6)
3Q FY 2013	42,219	2.8	4,030	(13.5)	4,154	35.4	3,160	188.2

Note: Comprehensive Income: 3Q FY 2014: ¥4,815 million (31.9%) 3Q FY 2013: ¥3,651 million (1,131.6%)

	Net income per share	Net income per share after dilution
	¥	¥
3Q FY 2014	42.96	—
3Q FY 2013	62.82	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	¥ Million	¥ Million	%
3Q FY 2014	98,441	39,939	40.5
FY 2013	95,041	36,033	37.9

Reference: Shareholders' Equity: 3Q FY 2014: ¥39,900 million FY 2013: ¥35,991 million

2. Cash Dividends

	Annual Dividends				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
	¥	¥	¥	¥	¥
FY 2013	—	6.00	—	8.00	14.00
FY 2014	—	7.00	—	—	—
FY 2014 (forecast)	—	—	—	7.00	14.00

Note: Revision of the latest released dividend forecast: None

3. Forecast for the Year Ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net income per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Year to March 31, 2014	56,500	2.7	3,500	(13.0)	3,900	(27.2)	3,200	(23.7)	63.59

Note: Revision of the latest released financial results forecast: None

* Notes

- (1) Changes in important subsidiaries during the consolidated quarter (nine months) under review (changes occurred in specified subsidiaries in conjunction with a change in the scope of consolidation): None
Newly added: — (company name:)
Removed: — (company name:)
- (2) Application of accounting procedures specific to creation of quarterly consolidated financial statements:
None
- (3) Change of accounting policies; change and/or restatement of accounting estimates
(i) Change of accounting policies caused by revision of accounting standards: None
(ii) Change of accounting policies other than stated in (i): None
(iii) Change of accounting estimates: None
(iv) Retroactive restatement: None

- (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)	3Q FY 2014	53,432,510 shares	FY 2013	53,432,510 shares
(ii) Number of treasury shares as of the balance sheet date	3Q FY 2014	3,113,406 shares	FY 2013	3,113,112 shares
(iii) Average number of shares (consolidated quarter results)	3Q FY 2014	50,319,218 shares	3Q FY 2013	50,319,787 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, and as of the time of the release of this summary of quarterly financial statements, review procedures of quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been concluded.

* Disclaimer

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. Information concerning the results forecasts is stated in the Summary of Financial Statements (Attachment), page 2, "Explanation of consolidated earnings estimates and forward-looking information."

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of business results

During the first three quarters, the Japanese economy showed signs of recovery stemming from expectations for the government's aggressive fiscal and monetary policies. However, the outlook remains uncertain due to the looming increase in Japan's consumption tax in April and growth moderation in Asia.

In the Machine Tools and Industrial Machinery sectors, the main markets for the Group, improvements in domestic business conditions are leading to an improved investment mindset. Outside Japan, positive trends are appearing in the U.S., which is preserving its healthy growth on the road to a domestic recovery driven by the reemergence of the industrial sector, and Europe, where the financial crisis is calming down. On the other hand, in the China region, which is a major market, demand for capital expenditures is weakening as the economy slows down.

Under these circumstances, the Group aimed to streamline its European sales system and moved ahead with a reorganization of the local sales subsidiary. We also implemented an ERP package to raise business efficiency by leveraging the corporate resources of the entire Group. This system, which was started to be employed in this reporting period, is one of several measures to streamline our business and increase its speed.

There was also an increase in the number of projects with unrecorded revenues as a result of pending product acceptance in the sales of electrical discharge machining tools, a main line of business. As a result, net sales for the period under review totaled ¥40,871 million, down ¥1,348 million (-3.2%) from the same period the year earlier, with operating income of ¥1,588 million, down ¥2,441 million (-60.6%), ordinary income of ¥2,690 million, down ¥1,463 million (-35.2%), and net income of ¥2,161 million, down ¥999 million (-31.6%).

(2) Explanation of financial position

Consolidated assets increased ¥3,400 million from the end of the previous fiscal year to ¥98,441 million. Main factors include a ¥1,508 million increase in work-in-process and a ¥775 million increase in commodity and merchandise.

Consolidated liabilities, compared with the end of the previous fiscal year, decreased ¥506 million to ¥58,501 million. Main factors include a ¥313 million decrease in current liability allowance.

Net assets increased ¥3,906 million from the end of the previous fiscal year to ¥39,939 million. Main factors for the increase include a foreign currency translation adjustment of ¥2,283 million.

(3) Explanation of consolidated earnings estimates and forward-looking information

The consolidated earnings estimates published on November 8, 2013 remain unchanged.

2. Summary (Notes) Information

(1) Changes in important subsidiaries during the consolidated quarter (nine months) under review

No relevant category.

(2) Application of accounting procedures specific to creation of quarterly consolidated financial statements

No relevant category.

(3) Change of accounting policies; change and/or restatement of accounting estimates

No relevant category.

3. Consolidated Financial Statements**(1) Consolidated Balance Sheets**

(In million yen)

	FY 2013 (consolidated) (As of March 31, 2013)	3Q FY 2014 (consolidated) (As of December 31, 2013)
Assets		
Current Assets		
Cash and deposits	25,533	25,416
Notes and accounts receivable – trade	12,927	13,692
Installment accounts receivable	5	35
Commodity and merchandise	5,554	6,330
Work-in-process	6,097	7,605
Raw materials and inventory	9,724	9,173
Other current assets	3,044	2,954
Allowance for doubtful accounts	(198)	(228)
Total current assets	62,688	64,979
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	19,114	20,946
Machinery, equipment and vehicles	13,347	14,614
Other fixed assets	11,138	10,133
Accumulated depreciation	(20,142)	(21,482)
Total tangible fixed assets	23,458	24,212
Intangible Fixed Assets		
Goodwill	2,433	2,874
Other intangible fixed assets	1,150	1,569
Total intangible fixed assets	3,583	4,444
Investments and other assets		
Other assets	5,647	5,063
Allowance for doubtful accounts	(337)	(259)
Total investments and other assets	5,310	4,804
Total Fixed Assets	32,352	33,461
Total Assets	95,014	98,441

	FY 2013 (consolidated) (As of March 31, 2013)	3Q FY 2014 (consolidated) (As of December 31, 2013)
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	8,508	8,272
Short-term loans payable	5,604	5,043
Long-term borrowings redeemable within one year	10,017	9,926
Income taxes payable	460	254
Allowance	833	520
Other current liabilities	5,494	5,956
Total current liabilities	30,919	29,973
Fixed Liabilities		
Corporate bonds	30	23
Long-term loans payable	25,840	26,697
Provision for retirement benefits	892	775
Allowance	178	173
Asset removal obligations	224	227
Other fixed liabilities	921	630
Total fixed liabilities	28,088	28,527
Total Liabilities	59,007	58,501
Net Assets		
Shareholders' Equity		
Capital stock	20,775	20,775
Capital surplus	5,879	5,879
Retained earnings	10,435	11,690
Treasury stock	(1,695)	(1,695)
Total shareholders' equity	35,395	36,650
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	400	770
Foreign currency translation adjustment	195	2,479
Total accumulated other comprehensive income	595	3,250
Minority interests	42	39
Total Net Assets	36,033	39,939
Total Liabilities and Net Assets	95,041	98,441

(2) Consolidated Statements of Income / Consolidated statements of comprehensive income
(Consolidated Statements of Income)
(3rd quarter)

(In million yen)

	3Q FY 2013 (April 1, 2012 – December 31, 2012)	3Q FY 2014 (April 1, 2013 – December 31, 2013)
Net Sales	42,219	40,871
Cost of Sales	29,032	28,982
Gross Profit	13,186	11,889
Reversal of Unrealized Income on Installment Sales	4	1
Unrealized Income from Installment Sales	—	2
Gross Profit after Income Deferrals	13,190	11,888
Selling, General and Administrative Expenses		
Personnel expenses	3,737	4,218
Reversal of allowance for loan losses	(64)	15
Other	5,487	6,065
Total selling, general and administrative expenses	9,159	10,299
Operating Income	4,030	1,588
Non-operating Income		
Interest income	57	53
Dividends income	34	51
Foreign exchange gain	444	1,290
Other non-operating income	167	384
Total non-operating income	704	1,779
Non-operating Expenses		
Interest expenses	486	481
Other non-operating expenses	94	196
Total non-operating expense	580	677
Ordinary Income	4,154	2,690
Extraordinary Income		
Gain on sales of fixed assets	26	39
Proceeds from insurance money received	1,301	—
Other extraordinary income	78	—
Total extraordinary income	1,406	39
Extraordinary Loss		
Loss on retirement of fixed assets	57	26
Impairment losses	947	0
Loss from natural disaster	396	—
Other extraordinary losses	165	3
Total extraordinary loss	1,566	30
Net Income before Income Taxes	3,993	2,700
Current Income Taxes	773	677
Deferred Income Taxes	53	(126)
Total Income Taxes	826	551
Net Income before Minority Interest	3,166	2,149
Minority Interests (Losses) in Income	5	(12)
Net Income	3,160	2,161

**(Consolidated statements of comprehensive income)
(3rd quarter)**

(In million yen)

	3Q FY 2013 (April 1, 2012 – December 31, 2012)	3Q FY 2014 (April 1, 2013 – December 31, 2013)
Net Income before Minority Interest	3,166	2,149
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	(12)	370
Foreign currency translation adjustment	497	2,295
Total other comprehensive income	484	2,666
Quarterly Comprehensive Income	3,651	4,815
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	3,645	4,815
Comprehensive income attributable to minority interests	6	(0)

(3) Notes concerning quarterly consolidated financial statements

(Notes on premise of going concern)

No relevant category.

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

No significant changes.

(Segment information, etc.)

I. 3Q FY 2013 (from April 1, 2012 to December 31, 2012)

1. Information on sales and income (loss) amounts by reportable segment

(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	10,045	2,811	3,556	8,141	3,045	27,599	—	27,599	10,402
Inter-segment sales or transfers	7,198	7	22	3,513	6,971	17,713	(17,600)	112	74
Total	17,244	2,818	3,578	11,654	10,016	45,312	(17,600)	27,711	10,476
Segment income (loss)	1,792	407	188	926	465	3,780	32	3,813	1,256

	Reportable Segment					Others (Note 3)	Total	Adjustment amount (Note 4)	Amount stated on the consolidated statement of income for the quarter (Note 5)
	High-precision Mold and Die Machinery Operations	Food Processing Machinery Operations	Elemental Technology Operations	Reportable Segment Total					
Net Sales									
Sales to outside customers	2,006	1,166	979	42,154	64	42,219	—	42,219	
Inter-segment sales or transfers	5	—	2,135	2,327	136	2,463	(2,463)	—	
Total	2,011	1,166	3,115	44,482	200	44,682	(2,463)	42,219	
Segment income (loss)	78	(308)	670	5,510	3	5,514	(1,483)	4,030	

- 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 ¥32 million includes ¥32 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 -¥1,483 million includes -¥119 million in eliminations of inter-segment transactions and -¥1,363 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. The segment income (loss) has been reconciled with the operating income stated on the consolidated statement of income for the period.

II. 3Q FY 2014 (from April 1, 2013 to December 31, 2013)

1. Information on sales and income (loss) amounts by reportable segment

(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	9,690	3,889	4,055	8,870	2,655	29,160	—	29,160	6,473
Inter-segment sales or transfers	7,260	5	27	2,844	9,037	19,174	(19,128)	45	37
Total	16,950	3,894	4,082	11,714	11,692	48,335	(19,128)	29,206	6,511
Segment income (loss)	2,237	585	152	265	107	3,349	(925)	2,423	593

	Reportable Segment					Others (Note 3)	Total	Adjustment amount (Note 4)	Amount stated on the consolidated statement of income for the quarter (Note 5)
	High-precision Mold and Die Machinery Operations	Food Processing Machinery Operations	Elemental Technology Operations	Reportable Segment Total					
Net Sales									
Sales to outside customers	1,887	2,207	1,066	40,795	75	40,871	—	40,871	
Inter-segment sales or transfers	8	—	1,439	1,531	125	1,656	(1,656)	—	
Total	1,896	2,207	2,505	42,327	200	42,528	(1,656)	40,871	
Segment income (loss)	(203)	27	114	2,955	10	2,965	(1,376)	1,588	

- 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 -¥925 million includes -¥925 million in eliminations of inter-segment transactions.
 3. The "Others" category refers to business segments such as lease operations not included in reportable segments.
 4. The segment income (loss) adjustment amount of -¥1,376 million includes ¥155 million in eliminations of inter-segment transactions and -¥1,532 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. The segment income (loss) has been reconciled with the operating income stated on the consolidated statement of income for the period.

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

(Material Changes in Goodwill Amount)

Related to the Machine Tool Business (North and South America) segment, dated June 25, 2013, the Company raised its equity interest in its consolidated subsidiary Sodick Holding Corporation to 100% through the acquisition of additional share capital.

As a result, consolidated goodwill in the period under review increased by ¥538 million.