

Summary of Financial Statements for the Year Ended March 31, 2017 (J-GAAP) (Consolidated)

May 12, 2017

Company Name: Sodick Co., Ltd. Stock Exchange: Tokyo Stock Exchange, 1st Section
 Code Number: 6143 URL: <http://www.sodick.co.jp>
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 Scheduled date of annual general meeting of shareholders: June 29, 2017
 Scheduled date of dividend payout: June 30, 2017
 Scheduled date of filing of consolidated financial statements: June 29, 2017
 Explanatory Documents Supplemental to the Abridged Financial Statements: Yes
 Result Briefing: Yes (For Institutional Investors and Analysts)

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

1. Consolidated Results for the Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY 2017	61,812	(5.1)	5,236	(17.6)	4,620	(19.2)	3,644	(12.5)
FY 2016	65,146	3.3	6,353	29.9	5,719	1.3	4,167	17.4

Note: Comprehensive Income: FY 2017: ¥2,728 million / (144.2%) FY 2016: ¥1,105 million / (85.8%)

	Earnings Per Share	Diluted Earnings Per Share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	¥	¥	%	%	%
FY 2017	76.91	66.10	7.4	4.4	8.5
FY 2016	82.82	-	8.4	5.6	9.8

Reference: Equity in earnings (losses) of non-consolidated subsidiaries and affiliates:

FY 2017: ¥45 million FY 2016: ¥62 million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	¥ Million	¥ Million	%	¥
FY 2017	109,271	48,710	44.5	1,035.19
FY 2016	99,722	49,758	49.8	987.01

Reference: Shareholders' Equity: FY 2017: ¥48,612 million FY 2016: ¥49,663 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of fiscal year
	¥ Million	¥ Million	¥ Million	¥ Million
FY 2017	8,373	(2,132)	3,134	36,037
FY 2016	6,579	(2,773)	(2,854)	27,328

2. Cash Dividends

	Annual Dividend					Total cash dividend paid (annual)	Payout ratio (consolidated)	Ratio of dividend paid to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total			
	Yen	Yen	Yen	Yen	Yen	¥ Million	%	%
FY 2016	-	9.00	-	9.00	18.00	905	21.7	1.8
FY 2017	-	9.00	-	10.00	19.00	892	24.7	1.8
FY ending December 31, 2017 (forecast)	-	10.00	-	10.00	20.00		25.4	

3. Forecast for the Year Ending December 31, 2017 (From April 1, 2017 to December 31, 2017)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable To Owners Of Parent		Earnings Per Share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Nine months to December 31, 2017	55,800	—	5,300	—	5,200	—	3,700	—	78.79

The Company plans to implement a change in fiscal term-end from March 31 to December 31, effective in the current fiscal year, which is subject to the approval of partial amendments to the Articles of Incorporation at the 41st ordinary general shareholders' meeting to be held on June 29, 2017. The same change is to be applied also to the Company's consolidated subsidiaries whose fiscal year currently does not end on December 31. Consequently, the consolidated financial projection in the transitional period for the fiscal year ending December 31, 2017 represents nine months from April 1, 2017 to December 31, 2017. Therefore, percentage changes compared to the preceding fiscal year (twelve-month period) are not applicable.

It is also noted that the forecast of the consolidated business performance on a comparable basis which would be calculated for the twelve months from January 1, 2017 to December 31, 2017 would amount to the net sales of ¥67,900 million, the operating income of ¥6,900 million, the ordinary income of ¥6,600 million, the profit attributable to owners of parent of ¥4,800 million and the earnings per share of ¥102.21.

* Notes

(1) Changes in important subsidiaries during the consolidated fiscal year under review (changes occurred in specified subsidiaries in conjunction with a change in the scope of consolidation): None

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

(i) Change of accounting policies caused by revision of accounting standards: Yes

(ii) Change of accounting policies other than stated in (i): None

(iii) Change of accounting estimates: None

(iv) Retroactive restatement: None

(3) Number of shares issued and outstanding (shares of common stock)

(i) Shares issued and outstanding as of the balance sheet date (including treasury shares)	FY 2017	53,437,354 shares	FY 2016	53,432,510 shares
(ii) Number of treasury shares as of the balance sheet date	FY 2017	6,476,992 shares	FY 2016	3,114,773 shares
(iii) Average number of shares outstanding during period	FY 2017	47,391,822 shares	FY 2016	50,317,844 shares

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Results for the Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Non-consolidated Financial Results

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY 2017	39,348	(1.7)	1,293	14.9	2,125	16.7	1,380	(2.2)
FY 2016	40,045	4.0	1,126	(24.5)	1,820	(24.4)	1,410	29.9

	Earnings Per Share	Diluted Earnings Per Share
	¥	¥
FY 2017	29.12	25.03
FY 2016	28.03	—

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	¥ Million	¥ Million	%	¥
FY 2017	83,194	32,992	39.7	702.55
FY 2016	74,315	35,113	47.3	697.84

Reference: Shareholders' Equity: FY 2017: ¥32,992 million FY 2016: ¥35,113 million

* This summary of financial statements is not the subject of audit procedures.

* Cautionary statement regarding forward-looking information

The Company bases the above forecasts on judgments that rely on currently available information and contain numerous uncertainties. Changing conditions and other factors may cause actual results to differ from the results in these forecasts. For the underlying assumptions and usage of earnings projections, please refer to page 6, "1. Management's discussion and analysis of financial condition and results of operations (5) Outlook for the next fiscal year."

1. Management's discussion and analysis of financial condition and result of operations

(1) Management Discussion and Analysis

The Japanese economy during the consolidated fiscal period under review experienced a moderate recovery on the whole, partially helped by recovering consumer spending in an improving labor market as well as a rising trend in corporate earnings amid a recovery in exports. Meanwhile, in the global economic arena, the U.S. economy continued to grow, helped by improvement in the job market and strong personal consumption as well as a recovery in corporate earnings, while a firm recovery was also seen in Europe on the back of improving consumer spending during the fiscal period. On the other hand, the economic outlook remains uncertain, in light of possible impact on the global economy with economic policies to be adopted by the new administration of the United States, and Britain's departure from the EU, along with geopolitical risks associated with general elections taking place in Europe this year. A slowdown in economic growth had been seen in China but the pace of growth started to gather momentum again towards the end of the fiscal year, helped by the government-driven active infrastructure investments and real estate transactions. Furthermore, Asian countries are beginning to see some recovery due to the growth in exports.

The machine tools industry, in which Sodick Group operates, experienced a responsive spike in demand following an incentive program adopted in June 2016 and implemented by the Japanese government, aiming to facilitate capital spending in the private sector. Overall, however, the machine tool market remained weak during the period. North America continued to enjoy firm demand from customers in the automotive, aerospace and other industries, while some industry sectors maintained cautious business outlook in relation to the new administration's policies. The European market remained strong on the whole, particularly in the automotive and aerospace sectors. China began to see some recovery during the second half of the year, largely helped by active capital spending among the automotive and smartphone manufacturers.

Given this business environment, Sodick Group remained focused on taking steps to enhance the Sodick brand through aggressive marketing activities, which included product presentations at international machine tool fairs such as IMTS 2016 in U.S. and JIMTOF 2016 in Japan held respectively. At JIMTOF, in particular, the Company actively demonstrated a revolutionary plastic molding process by using OPM350L, a new model of precision metal 3D printer evolved from OPM250L, combined with MR30, an injection molding machine designed especially for metal 3D printer, alongside an exhibition of new models of electrical discharge machines (EDMs) and injection molding machines as well as cutting-edge system utilizing IoT technologies. As a result of successful R&D efforts, sales started of newly developed injection molding machine for aluminum alloys, a global debut, as a new manufacturing method for smartphone cases and for the ever-lighter automotive parts sought by car manufacturers. In April 2016, the Company launched a new factory of food processing machines in Kaga, Ishikawa Prefecture, aiming to improve production efficiencies by integrating facilities while seeking to enhance R&D capabilities with the establishment of a new research laboratory in the field of food processing machinery.

Overall, Sodick Group experienced a lackluster performance in business during the second half of the year, while a reasonable amount of demand came from automotive and smartphone manufacturers on the domestic front. The lackluster performance during the second half was partially due to the temporary plunge in demand ahead of executing the incentive program for the manufacturing industry that was adopted by the government in March. When it comes to overseas business, the Company continued to enjoy brisk demand from the automotive, aerospace and medical equipment industries in North America. In some areas of Europe, such as Russia and Turkey, the Company suffered a decline in demand. Overall, Sodick continued to enjoy firm demand during the period. In China, the Company suffered a slowdown in orders received towards the end of the preceding fiscal year, which resulted in the sluggish sales performance for the first quarter of the fiscal year under review. Helped by growing demand for ultra-precision models, however, the amount of order intake has remained strong, since the Chinese New Year holidays of last year, which carried into the third quarter when there is usually a slowdown in demand during this period. Markets in Southeast Asian countries continued to experience challenges during the first half, but in the second half, they started to see a moderate recovery trend underway in sales to the automotive and other industries. In addition, strong demand has come from smartphone manufacturers. However, the yen's value in the currency market remained stronger on a year-on-year basis during the year, which has left net sales lower for the year.

As a result, consolidated net sales for the fiscal year under review totaled ¥61,812 million, down ¥3,333 million (-5.1%) year on year, with operating income of ¥5,236 million, down ¥1,116 million (-17.6%), ordinary income of ¥4,620 million, down ¥1,098 million (-19.2%), and net profit attributable to owners of parent at ¥3,644 million, down ¥522 million (-12.5%).

Analysis of Sales by Business Segments:

Machine Tool Segment

The Company manufactures and markets EDMs, as well as delivering related maintenance services and supplies. There was a temporary plunge in demand during the second half in expectation of executing the new capital investment incentive program adopted by the government in March for the manufacturing industry in Japan, while the Company enjoyed demand from customers manufacturing electronic components and lenses for smartphones and automotive connectors. When it comes to overseas business, the Company continues to enjoy strong demand from customers in the automotive, aerospace, and medical equipment industries in North America. In addition, there appears to be a rebound in demand from energy-related companies during the second half. Meanwhile, the Company experienced mixed business performance in Europe during the period. More specifically, there was strong demand from the automotive and aerospace industries in Germany, U.K., and Italy, while a plunge in demand was seen in Russia, Turkey. In China, demand has remained strong since Chinese New Year holidays of last year propelled by growing demand for ultra-precision models from customers in the automotive and smartphone industries, and remained strong even in the third quarter, which usually experiences a slowdown in demand. In other Asian markets, Korea has started to see a recovery in demand, while Thailand and Indonesia have started to enjoy a recovery in demand from automotive manufacturers and others. With a negative currency impact caused by the stronger yen, the Machine Tool segment achieved net sales of ¥43,355 million during the period, down ¥4,434 million (-9.3%) from the previous fiscal year.

Industrial Machinery Segment

In this segment, the Company manufactures and markets injection molding machines, as well as delivering related maintenance services and supplies. On the domestic front, the Company continued to enjoy growth in demand, driven by active capital investment among customers for automotive connectors, electronic components, lenses used for smartphones, and ultra-precision EDMs sold to high value-added component manufacturers. In overseas markets, North America continued to achieve strong sales results to medical equipment and automotive manufacturers, while China and other Asian countries enjoyed strong demand from automotive connector and smartphone manufacturers for products including lenses and molding machines that are used to make waterproof silicone cases. The Company achieved significant growth in sales during the fourth quarter. As a result, the Industrial Machinery segment achieved net sales of ¥9,366 million in the consolidated fiscal year, up ¥733 million (+8.5%) year on year.

Food Processing Machinery Segment

In the domestic market, demand driven by capital investment continues to come from convenience stores, supermarkets, and restaurant chains aiming to upgrade the quality of noodles served in restaurants. The Company enjoys growth in demand from confectionery companies and manufacturers of packaging materials for precooked rice and deli products. In overseas markets, demand has been growing for the Company's noodle-making machines, on the back of the increasing popularity of Japanese food, including long-life noodles and easy-to-cook frozen noodles in North America and Asian countries. While the level of order intake for the period remained more or less in line with projections, customer's sign-off has been delayed into the following fiscal year regarding some deals in significant value amount. As a result, the Food Processing Machinery segment achieved net sales of ¥3,429 million during the period, down ¥133 million (-3.7%) compared to the previous fiscal year.

Others

This business category refers to those sales related to high-precision metal molds and die machinery for order manufacturing of precision connectors and other products, element technology involving development, production, and marketing operations of products based on the Company's proprietary technology such as linear motors and ceramics, as well as LED lighting equipment and leasing operations for the products manufactured by the Company. The high-precision mold and die machinery operations continued to enjoy firm demand, primarily from the automotive industry. Meanwhile, the Company achieved strong external sales of linear motors and ceramic products. As a result, the Others segment achieved net sales of ¥5,661 million in the fiscal year, up ¥500 million (+9.7%) compared to the previous fiscal year.

(2) Analysis of Financial Position

(i) Assets, Liabilities, and Net Assets

Total assets stood at ¥109,271 million as of the end of FY2017, an increase of ¥9,549 million compared to the level at the end of the previous consolidated fiscal year, primarily due to a ¥9,183 million increase in cash and deposits.

Meanwhile, liabilities at the end of the period totaled ¥60,560 million, an increase of ¥10,597 million from the end of the previous financial year, mainly reflecting a ¥7,995 million increase in convertible bond-type bonds with subscription rights to shares, and a ¥1,474 million increase in notes and accounts payable-trade.

Net assets totaled ¥48,710 million at the end of the period, a decrease of ¥1,047 million from the end of FY2016, primarily attributable to a ¥1,430 million decrease in the foreign currency translation adjustments partially offsetting a ¥3,644 million in net profit attributable to the owners of parent. As a result, an equity ratio stood at 44.5% at the end of the period.

(ii) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) were ¥36,037 million at the end of FY2017, up ¥8,709 million (+31.9%) from a year earlier, due to the following changes in cash flows.

Cash flows and reason for changes in cash flows during FY2017 are described as follows:

(Cash flows from operating activities)

Cash flow from operations of ¥8,373 million (as compared with ¥6,579 million in FY2016) was the result of ¥4,193 million of Profit before income taxes primarily related to a ¥2,432 million yen increase in notes and accounts payable-trade, partially offset by a ¥1,051 million increase in inventories.

(Cash flows from investing activities)

Investing activities use of ¥2,132 million (as compared with ¥2,773 million in FY2016) was primarily for ¥1,848 million for purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash flow from financing activities of ¥3,134 million (as compared with ¥2,854 million use in FY2016) was primarily related to net proceeds from long-term loans payable of ¥11,000 million and from proceeds from issuance of bonds with subscription rights to shares of ¥8,000 million, partially offset by ¥11,661 million for repayment of long-term loans payable and ¥3,000 million for the purchase of treasury shares.

Cash flow indicators of Sodick Group trended as follows.

	FY 2014	FY 2015	FY 2016	FY 2017
Equity ratio (%)	42.9	47.4	49.8	44.5
Equity ratio based on market capitalization (%)	19.8	63.5	42.5	47.3
Ratio of cash flow to interest-bearing liabilities (years)	7.1	4.3	5.1	4.9
Interest coverage ratio (times)	8.7	14.9	13.5	20.3

Note: Equity ratio = Shareholders' equity / total assets

Equity ratio (%) based on market capitalization = Market capitalization / total assets

Ratio of cash flow to interest-bearing liabilities (years) = Interest-bearing liabilities / operating cash flow Interest coverage ratio = Operating cash flow / interest expenditure

* The basis of calculation for all values is consolidated financial data.

* Market capitalization is calculated by multiplying the closing price of Sodick shares at the end of the fiscal year by the number of shares outstanding (less treasury shares) at the end of the fiscal year.

* Interest-bearing liabilities comprise all liabilities on the consolidated balance sheet on which interest is payable and non-interest bearing convertible bond-type bonds with subscription rights to shares.

* Operating cash flow and interest expenditure refer to “Cash Flows from Operating Activities” and “Interest expenses paid” according to the consolidated statement of cash flows.

(3) Basic dividend policy and dividends for the current and following fiscal years

Given that Sodick holds custody over shareholders' valuable capital for the corporate activities of the Company, we are committed to ensuring sufficient internal reserves necessary for future business development and for strengthening management resources. Consistent with these principles, our basic policy for dividend payments has been to preserve stability and continuity. Specifically, we aim to maintain a dividend-on-equity ratio (DOE) of 2% or more, comprehensively taking into account the subject year's business results and cash flows.

We will be using internal reserves in effective ways from a long-term perspective for R&D and capital investment to continuously enhance the Company's operating results. For the period under review, in

keeping with the dividend basic policy and consistent with our judgment of business performance, we propose an annual dividend of ¥19.0 per share, comprised of a fiscal year-end regular dividend of ¥10.0 and a second quarter-end dividend of ¥9.0 each.

For the next fiscal year, we expect to propose an annual dividend of ¥20.0 per share, comprised of a fiscal year-end regular dividend of ¥10.0 and a second quarter-end dividend of ¥10.0.

(4) Outlook for the next fiscal year

On the domestic front, consistent demand is expected in view of the central bank's monetary easing policy and the continued government incentive program aimed at boosting capital investment in the manufacturing sector along with the replacement demand for obsolete production facilities. When it comes to overseas markets, the Company enjoys brisk demand from customers in the automotive and aerospace industries in North America and Europe, currently expecting a mild recovery in general. While it is expected that the new administration of the U.S. will promote tax cuts, deregulations and infrastructure investments, there is a growing concern about a possible adverse impact that the new administration's policy would have on the global economy such as amending free trade agreements. In addition, our future outlook remains quite uncertain given Britain's departure from the EU, unpredictable results of the general elections in Europe, rising geopolitical risks associated with social instability in Europe, Middle East and countries close to the region, and currency market fluctuation risks associated with another possible interest rate hike in the U.S. In emerging economies such as China and other countries in South East Asia, we expect that the demand will continue to grow for high-end models in response to the rising labor costs and the needs for automated processes amid the recovery of the Chinese economy currently underway.

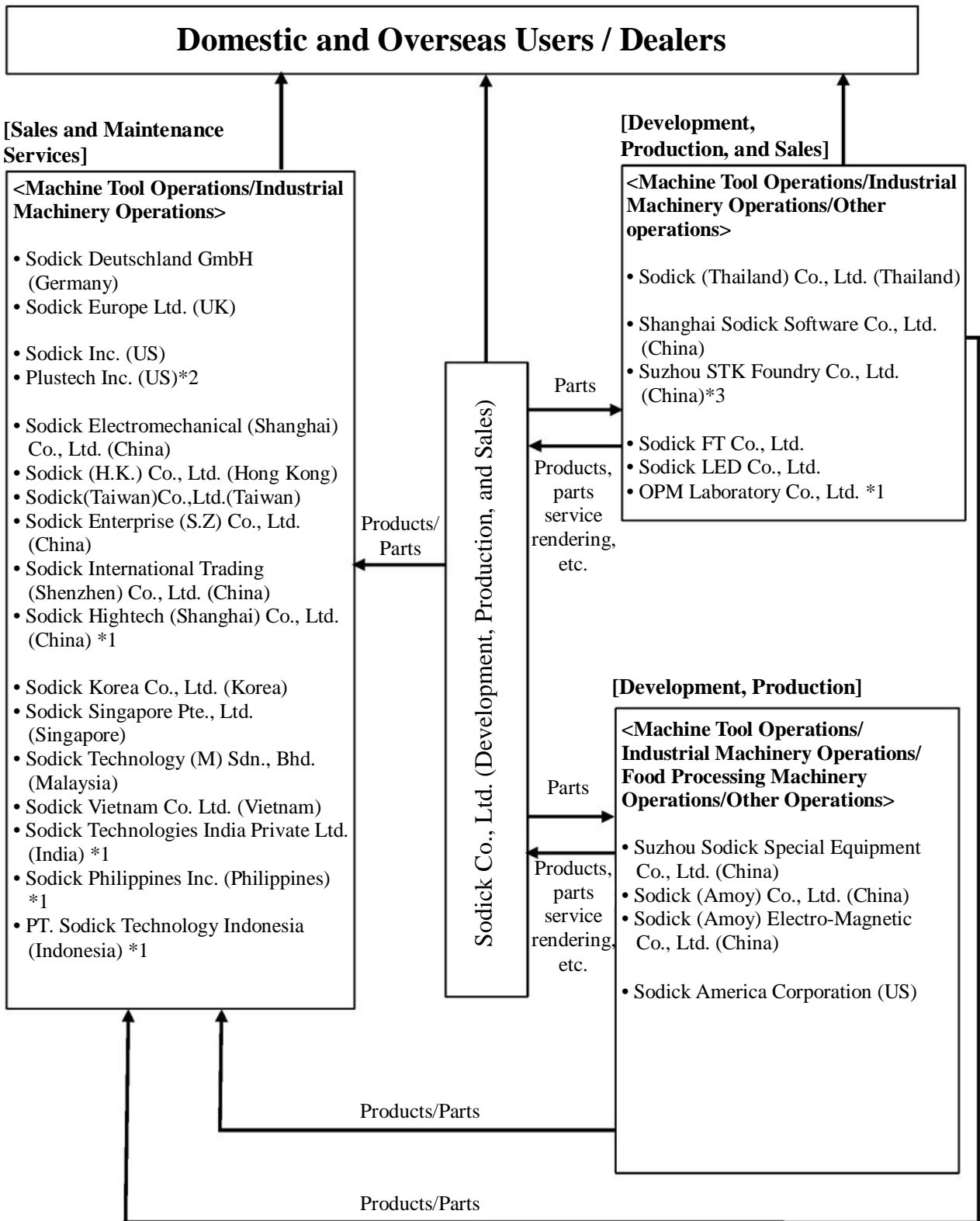
Our projections for the business results of Sodick Group in the fiscal period to December 2017 call for sales of ¥55,800 million, with operating income of ¥5,300 million and ordinary income of ¥5,200 million. We expect profit attributable to owners of parent to increase to ¥3,700 million. These projections assume for the fiscal year average foreign exchange rates of ¥105 and ¥116 respectively for the US dollar and the euro.

The Company plans to implement a change in fiscal term-end from March 31 to December 31, effective in the current fiscal year, which is subject to the approval of partial amendments to the Articles of Incorporation at the ordinary general shareholders' meeting to be held on June 29, 2017. The same change is to be applied also to the Company's consolidated subsidiaries whose fiscal year currently does not end on December 31. Consequently, the consolidated financial projection in the transitional period for the fiscal year ending December 31, 2017 represents nine months from April 1, 2017 to December 31, 2017. Therefore, percentage changes compared to the preceding fiscal year (twelve-month period) are not applicable.

Note: Please be reminded that these projections reflect judgments of the Company using currently available information. Depending on both known and unknown risks and uncertain factors, actual results may differ from these projections.

2. Corporate Group

The operations of Sodick Group consist of the following four divisions. (i) Machine Tool Operations engaged in the development, production, and marketing of electric discharge machining tools, machining centers, and metal 3D printers; (ii) Industrial Machinery Operations engaged in the development, production, and marketing of injection molding machinery; (iii) Food Processing Machinery Operations engaged in the development, production, and marketing of mainly noodle production plants and noodle production equipment; and (iv) Other operations engaged in the manufacture of synthetic resin products, the development, manufacture, and marketing of linear motor applications, associated control equipment, ceramics products, and LED lighting, as well as leasing of electric discharge machines. These operations work together in organic interconnections to contribute to the business of Sodick Group. The following diagram gives an overview of the main business relationships in the Group.



Unmarked = Consolidated subsidiaries
 *1 Non-consolidated subsidiaries
 *2 Affiliates included under the equity method
 *3 Affiliates not included under the equity method

3. Basic Approach to the Selection of Accounting Standards

As a matter of policy, Sodick Group has been preparing its consolidated financial statements in accordance with the Generally Accepted Accounting Principles of Japan, which has the advantage of facilitating comparisons with prior accounting periods and other companies. For the time being, this policy remains in force. A shift to the application of International Financial Reporting Standards (IFRS) would depend on future developments in Japan and overseas.

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(In million yen)

	FY 2016 (As of March 31, 2016)	FY 2017 (As of March 31, 2017)
Assets		
Current assets:		
Cash and deposits	27,663	36,847
Notes and accounts receivable-trade	14,556	14,317
Electronically recorded monetary claims-operating	209	283
Merchandise and finished goods	7,587	7,406
Work in process	7,338	8,006
Raw materials and supplies	7,284	7,232
Deferred tax assets	919	1,417
Other	2,457	2,779
Allowance for doubtful accounts	(169)	(154)
Total current assets	67,846	78,136
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,178	20,310
Machinery, equipment and vehicles	16,987	17,592
Tools, furniture and fixtures	2,746	2,926
Land	7,224	7,234
Leased assets	665	765
Construction in progress	261	217
Accumulated depreciation	(23,728)	(25,278)
Total property, plant and equipment	24,336	23,768
Intangible assets		
Goodwill	2,037	1,888
Other	1,425	1,298
Total intangible assets	3,463	3,187
Investments and other assets		
Investment securities	3,148	3,005
Long-term loans receivable	60	28
Deferred tax assets	47	99
Other	944	1,155
Allowance for doubtful accounts	(125)	(110)
Total investments and other assets	4,075	4,179
Total non-current assets	31,875	31,135
Total Assets	99,722	109,271

(In million yen)

	FY 2016 (As of March 31, 2016)	FY 2017 (As of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable- trade	4,026	5,501
Electronically recorded obligations-operating	4,820	5,776
Short-term loans payable	4,693	4,497
Current portion of long-term loans payable	10,393	10,287
Accounts payable-other	1,118	1,207
Income taxes payable	235	595
Provision for product warranties	359	368
Provision for quality guarantee	4	4
Provision for bonuses	544	550
Provision for point card certificates	1	1
Other	3,460	4,218
Total current liabilities	29,656	33,009
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	-	7,995
Long-term loans payable	18,740	18,173
Provision for directors' retirement benefits	18	23
Provision for product warranties	241	245
Net defined benefit liability	738	532
Asset retirement obligations	99	81
Other	467	499
Total non-current liabilities	20,306	27,551
Total liabilities	49,963	60,560
Net Assets		
Shareholders' equity		
Capital stock	20,775	20,778
Capital surplus	5,879	5,881
Retained earnings	19,870	22,735
Treasury shares	(1,696)	(4,697)
Total shareholders' equity	44,828	44,698
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	748	1,105
Foreign currency translation adjustment	4,251	2,821
Remeasurements of defined benefit plans	(165)	(12)
Total accumulated other comprehensive income	4,835	3,914
Non-controlling interests	94	97
Total Net Assets	49,758	48,710
Total Liabilities and Net Assets	99,722	109,271

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(In million yen)

	FY2016 (April 1, 2015 – March 31, 2016)	FY2017 (April 1, 2016 – March 31, 2017)
Net sales	65,146	61,812
Cost of sales	41,369	39,318
Gross profit	23,777	22,494
Selling, general and administrative expenses		
Personnel expenses	6,835	6,750
Provision of allowance for doubtful accounts	38	(6)
Amortization of goodwill	146	145
Provision for point card certificates	0	0
Research and development expenses	2,064	2,148
Other	8,339	8,218
Total selling, general and administrative expenses	17,424	17,257
Operating income	6,353	5,236
Non-operating income		
Interest income	172	146
Dividends income	49	48
Import tax refund, etc.	102	-
Equity in earnings of affiliates	62	45
Subsidy income	64	75
Gain on sale of scraps	30	24
Other	188	176
Total non-operating income	670	517
Non-operating expenses		
Interest expenses	482	410
Foreign exchange losses	679	572
Other	142	149
Total non-operating expenses	1,304	1,133
Ordinary income	5,719	4,620
Extraordinary income		
Gain on sales of non-current assets	63	85
Gain on sale of investment securities	0	-
Subsidy income	59	-
Other	-	0
Total extraordinary income	122	85
Extraordinary losses		
Loss on sales of non-current assets	0	9
Loss on retirement of non-current assets	23	40
Loss on reduction of non-current assets	59	-
Loss on valuation of shares of subsidiaries and associates	-	462
Other	9	-
Total extraordinary losses	92	512
Profit before income taxes	5,748	4,193
Income taxes - current	1,169	1,134
Income taxes - deferred	379	(599)
Total income taxes	1,549	535
Profit	4,199	3,658
Profit attributable to non-controlling interests	32	13
Profit attributable to owners of the parent	4,167	3,644

(Consolidated Statements of Comprehensive Income)

(In million yen)

	FY2016 (April 1, 2015 – March 31, 2016)	FY2017 (April 1, 2016 – March 31, 2017)
Profit	4,199	3,658
Other comprehensive income		
Valuation difference on available-for-sale securities	(310)	356
Foreign currency translation adjustments	(2,541)	(1,439)
Remeasurements of defined benefit plans, net of tax	(242)	152
Share of other comprehensive income of entities accounted for using equity method	-	0
Total other comprehensive income	(3,094)	(929)
Comprehensive income	1,105	2,728
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,078	2,724
Comprehensive income attributable to non-controlling interests	26	4

(3) Consolidated Statements of Changes in Equity
FY 2016 (from April 1, 2015 to March 31, 2016)

(In million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current fiscal year	20,775	5,879	16,503	(1,696)	41,462
Changes of items during period					
Dividends of surplus			(1,106)		(1,106)
Reserve for the awards and welfare fund for employees of foreign subsidiaries			(41)		(41)
Profit attributable to owners of parent			4,167		4,167
Change of scope of consolidation			109		109
Changes due to the merger of non-consolidated subsidiaries			64		64
Change of scope of equity method			175		175
Purchase of treasury shares				(0)	(0)
Changes of items other than shareholders' equity					
Total changes of items during fiscal year	-	-	3,367	(0)	3,366
Balance at end of current fiscal year	20,775	5,879	19,870	(1,696)	44,828

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance at beginning of current fiscal year	1,058	6,787	76	7,923	67	49,453
Changes of items during current fiscal year						
Dividends from surplus						(1,106)
Reserve for the awards and welfare fund for employees of foreign subsidiaries						(41)
Profit attributable to owners of the parent						4,167
Change of scope of consolidation						109
Changes due to the merger of non-consolidated subsidiaries						64
Change of scope of equity method						175
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(310)	(2,535)	(242)	(3,088)	26	(3,061)
Total changes of items during current fiscal year	(310)	(2,535)	(242)	(3,088)	26	305
Balance at end of current fiscal year	748	4,251	(165)	4,835	94	49,758

FY 2017 (from April 1, 2016 to March 31, 2017)

(In million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current fiscal year	20,775	5,879	19,870	(1,696)	44,828
Changes of items during current fiscal year					
Issuance of new shares - exercise of subscription rights to shares	2	2			5
Dividends of surplus			(875)		(875)
Reserve for the awards and welfare fund for employees of foreign subsidiaries			(9)		(9)
Profit attributable to owners of the parent			3,644		3,644
Change of scope of consolidation			104		104
Purchase of treasury shares				(3,000)	(3,000)
Net changes of items other than shareholders' equity					
Total changes of items during current fiscal year	2	2	2,864	(3,000)	(130)
Balance at end of current fiscal year	22,778	5,881	22,735	(4,697)	44,698

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance at beginning of current fiscal year	748	4,251	(165)	4,835	94	49,758
Changes of items during period						
Issuance of new shares - exercise of subscription rights to shares						5
Dividends of surplus						(875)
Reserve for the awards and welfare fund for employees of foreign subsidiaries						(9)
Profit attributable to owners of the parent						3,644
Change of scope of consolidation						104
Purchase of treasury shares						(3,000)
Net changes of items other than shareholders' equity	356	(1,430)	152	(920)	3	(917)
Changes of items during fiscal year	356	(1,430)	152	(920)	3	(1,047)
Balance at end of current fiscal year	1,105	2,821	(12)	3,914	97	48,710

(4) Consolidated Statements of Cash Flows

(In million yen)

	FY2016 (April 1, 2015 – March 31, 2016)	FY2017 (April 1, 2016 – March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	5,748	4,193
Depreciation	2,765	2,697
Amortization of goodwill	146	145
Increase (decrease) in net defined benefit liability	(137)	1
Increase (decrease) in provision of allowance for doubtful accounts	11	(21)
Interest and dividend income	(222)	(195)
Interest expenses	482	410
Share of (profit) loss of entities accounted for using equity method	(62)	(45)
Foreign exchange losses (gains)	173	8
Loss (gains) on sale and revaluation of investment securities	(0)	-
Loss (gains) on sale and retirement of non-current assets	(38)	(35)
Loss on valuation of shares of subsidiaries and associates	-	462
Decrease (increase) in notes and accounts receivable-trade	193	(85)
Decrease (increase) in inventories	980	(1,051)
Increase (decrease) in notes and accounts payable-trade	(1,274)	2,432
Increase (decrease) in accounts receivable-other	177	(209)
Increase (decrease) in advances received	(352)	706
Other	(307)	48
Subtotal	8,284	9,463
Interest and dividends income received	210	201
Interest expenses paid	(487)	(412)
Income tax refund (or paid)	(1,428)	(879)
Net cash provided by operating activities	6,579	8,373
Cash flows from investing activities		
Payments into time deposits	(96)	(551)
Proceeds from withdrawal of time deposits	112	84
Purchase of property, plant and equipment	(2,406)	(1,848)
Proceeds from sale of property, plant and equipment	132	507
Purchase of intangible assets	(358)	(356)
Purchase of investment securities	(80)	(100)
Proceeds from sale of investment securities	83	5
Payments of loans receivable	(111)	(38)
Collection of loans receivable	55	111
Other	(103)	55
Net cash used in investing activities	(2,773)	(2,132)

(In million yen)

	FY2016 (April 1, 2015 – March 31, 2016)	FY2016 (April 1, 2016 – March 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	281	(159)
Proceeds from long-term loans payable	11,344	11,000
Repayment of long-term loans payable	(13,168)	(11,661)
Proceeds from issuance of bonds with subscription rights to shares	-	8,000
Redemption of bonds	(16)	-
Repayments of finance lease obligations	(153)	(137)
Purchase of treasury shares	(0)	(3,000)
Cash dividends paid	(1,106)	(875)
Other	(33)	(31)
Cash flows from financing activities	(2,854)	3,134
Effect of exchange rate change on cash and cash equivalents	(1,098)	(664)
Net increase (decrease) in cash and cash equivalents	(146)	8,710
Cash and cash equivalents at the beginning of the period	27,396	27,328
Increase in cash and cash equivalents from newly consolidated subsidiary	64	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(0)
Increase in cash and cash equivalents resulting from merger with non-consolidated subsidiaries	13	-
Cash and cash equivalents at the end of current period	27,328	36,037

(Segment Information, etc.)

1. Summary of reportable segments

Reportable segments are business units of Sodick for which stand-alone financial information is available and whose allocation of management resources and financial results are at regular intervals the subject of decisions and assessments of the board of directors.

Sodick runs its business operations using comprehensive strategic planning that distinguishes between products and services. The Group's three reportable segments comprise Machine Tool Operations, Industrial Machinery Operations and Food Processing Machinery Operations.

Main products by segment comprise electric discharge machining tools and machining centers at Machine Tool Operations, plastic injection molding machines at Industrial Machinery Operations, and noodle production plant and equipment at Food Processing Machinery Operations. At each segment the scope of operations includes product development, manufacture, and sales.

2. Method of computation of net sales, income or loss, assets, liabilities, and other items by reportable segments

The accounting methods at each reportable segment are the same as described in the “Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements.”

Income information of reportable segments reflects operating income.

Intersegment sales data are based on arm's length transaction prices.

3. Information on sales, operating income (loss), assets, and other items by reportable segment

Fiscal Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(In million yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Note 2, 3, 4, 5)	Amount stated on the consolidated statement of income (Note 6)
	Machine Tool Operations	Industrial Machinery Operations	Food Processing Machinery Operations	Reportable Segment Total				
Net Sales								
Sales to outside parties	47,789	8,633	3,562	59,984	5,161	65,146	-	65,146
Intersegment sales or transfers	83	5	-	89	2,400	2,489	(2,489)	-
Total	47,873	8,638	3,562	60,073	7,561	67,635	(2,489)	65,146
Segment income	7,113	319	492	7,925	813	8,739	(2,386)	6,353
Segment assets	58,200	11,480	2,902	72,582	10,019	82,602	17,119	99,722
Other								
Depreciation	1,854	248	50	2,154	381	2,535	229	2,765
Amortization of goodwill	94	31	-	125	21	146	-	146
Increase in tangible and intangible non-current assets	985	321	949	2,257	250	2,507	379	2,887

- Notes: 1. The category headed “Others” covers business segments outside reportable ones, such as precision molds and molding operations, elemental technology operations, and lease operations.
2. The adjustment amount of - ¥2,386 million to segment income includes ¥73 million in eliminations of intersegment transactions and - ¥2,459 million in group overhead not allocable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to any particular reportable segment.
3. The adjustment amount of ¥17,119 million to segment assets includes ¥18,795 million in group assets that are not allocable to reportable segments and - ¥1,676 million in eliminations of intersegment transactions. Group assets consist mainly of assets related to head office functions not attributable to reportable segments.
4. The adjustment amount of ¥229 million to depreciation of the category headed “Others” consists of ¥229 million in Group-based depreciation not attributable to reportable segments.
5. The adjustment amount of ¥379 million to increases in property, plant, and equipment and intangible assets in the category headed “Others” consists of ¥379 million in Group-based property, plant, and equipment and intangible assets not attributable to reportable segments.
6. Segment income is stated on reconciliation with the operating income stated in the consolidated statement of income.

Fiscal Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(In million yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Note 2, 3, 4, 5)	Amount stated on the consolidated statement of income (Note 6)
	Machine Tool Operations	Industrial Machinery Operations	Food Processing Machinery Operations	Reportable Segment Total				
Net Sales								
Sales to outside parties	43,355	9,366	3,429	56,150	5,661	61,812	-	61,812
Intersegment sales or transfers	80	6	-	86	2,680	2,767	(2,767)	-
Total	43,435	9,373	3,429	56,237	8,342	64,580	(2,767)	61,812
Segment income	6,213	617	159	6,991	859	7,851	(2,614)	5,236
Segment assets	57,207	13,465	3,136	73,810	10,684	84,494	24,776	109,271
Other								
Depreciation	1,729	239	113	2,082	422	2,505	191	2,697
Amortization of goodwill	91	31	-	122	23	145	-	145
Increase in tangible and intangible non- current assets	1,575	397	40	2,013	402	2,416	177	2,594

- Notes: 1. The category headed "Others" covers business segments outside reportable ones, such as precision molds and molding operations, elemental technology operations, and lease operations.
2. The adjustment amount of -¥2,614 million to segment income includes -¥17 million in eliminations of intersegment transactions and -¥2,596 million in group overhead not allocable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to any particular reportable segment.
3. The adjustment amount of ¥24,776 million to segment assets includes ¥26,452 million in group assets that are not allocable to reportable segments and -¥1,676 million in eliminations of intersegment transactions. Group assets consist mainly of assets related to head office functions not attributable to reportable segments.
4. The adjustment amount of ¥191 million to depreciation of the category headed "Others" consists of ¥191 million in Group-based depreciation not attributable to reportable segments.
5. The adjustment amount of ¥177 million to increases in property, plant, and equipment and intangible assets in the category headed "Others" consists of ¥177 million in Group-based property, plant, and equipment and intangible assets not attributable to reportable segments.
6. Segment income is stated on reconciliation with the operating income stated in the consolidated statement of income.

(Per-Share Information)

	Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Net assets per share (yen)	987.01	1,035.19
Net income per share (yen)	82.82	76.91
Diluted net income per share	-	66.10

Notes: 1. No dilutive shares are in existence in the previous consolidated fiscal year and no information on diluted net income per share is therefore stated.

2. The table below shows the basis of calculation of net income per share and of diluted net income per share.

	Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)
Net income per share (yen)		
Profit attributable to owners of parent (¥ million)	4,167	3,644
Portion not attributable to shares of common stock (¥ million)	-	-
Profit attributable to owners of parent company's common stock (¥ million)	4,167	3,644
Average number of common stock outstanding (thousands of shares)	50,317	47,391
Diluted net income per share		
Adjustment to Profit attributable to owners of the parent (\ million)	-	-
Increase in the number of common stock (thousands of shares)	-	7,747
(of which convertible bonds (thousands of shares))	-	(7,747)
Description of dilutive shares not included in calculation due to no dilutive effect	-	-

(Material subsequent events)

No applicable information