

## Summary of Financial Statements

Company name: Sodick Co., Ltd.

Stock exchange: Tokyo Stock Exchange, 2<sup>nd</sup> Section

Code number: 6143

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

Representative: Kazuo Kato, Representative director; president

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Planned date of release of quarterly financial report

August 14, 2008

## 1. Consolidated results for the 1st Quarter 2009 (from April 1, 2008, to June 30, 2008)

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

## (1) Consolidated financial results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
1st Quarter 2009	13,546	-	-257	-	475	-	-172	-
1st Quarter 2008	16,722	303	1,312	-4.7	2,372	84.9	1,503	152.0

	Net income per share	Net income per share after dilution
	¥	¥
1st Quarter 2009	-3.36	-
1st Quarter 2008	28.28	-

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	¥
1st Quarter 2009	103,499	40,948	35.1	718.38
Year ended March 31, 2008	103,967	42,748	36.6	733.52

Note: Shareholders' equity:

1st Quarter 2009: 36,359million yen

1st Quarter 2008: 38,001 million yen

## 2. Cash dividends

Base date	Cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of 4th quarter	Annual
	¥	¥	¥	¥	¥
Year ended March 31, 2008	-	10.00	-	10.00	20.00
Year ending March 31, 2009	-	-	-	-	-
Year ending March 31, 2009 (forecast)	-	10.00	-	10.00	20.00

## 3. Forecast for the year ending March 31, 2009 (from April 1, 2008, to March 31, 2009)

(Note: Percentages indicate changes compared with the previous 12-month or 6-month period, as applicable)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Six months to September 30, 2008	31,500	-13.4	300	-87.4	1,030	-67.3	230	-85.1	4.47
Year to March 31, 2009	68,000	-10.1	2,000	-61.0	2,700	-40.0	1,500	513.7	29.13

Note: No changes in estimates of the consolidated result.

## 4. Other information

(1) No changes in important subsidiaries during the term under review (changes in the scope of consolidation due to the acquisition of subsidiaries' entire share capital by the parent company):

Note: For details see p. 3, "Management Discussion &amp; Analysis, and Financial Statements, Etc." 4. Other information.

(2) The Company uses simplified accounting methods.

Note: For details see p. 3, "Management Discussion &amp; Analysis, and Financial Statements, Etc." 4. Other

- (3) Accounting and disclosure changes (changes referenced in “Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements”):
- (i) Changes due to the revision of Financial Accounting Standards
  - (ii) No other changes
- (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)
    - 1st Quarter 2009: 53,432,510 shares
    - 1st Quarter 2008: 53,432,510 shares
  - (ii) Number of treasury shares as of the balance sheet date
    - 1st Quarter 2009: 2,819,010 shares
    - 1st Quarter 2008: 1,626,188 shares
  - (iii) Average number of shares (Consolidated quarter results)
    - 1st Quarter 2009: 51,493,673
    - 1st Quarter 2008: 53,170,549

\* 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.

Beginning from this consolidated accounting fiscal year, the Company has adopted the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Statement No. 12) and the Guidance on Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan Implementation Guidance No. 14). In addition, the Company has prepared the quarterly consolidated financial statements in accordance with the Rules for Quarterly Consolidated Financial Statements.

1. Consolidated financial results

As to the domestic and foreign economies in the period under review, the U.S. economy decelerated further in the aftermath of the subprime mortgage-problem amid growing concerns over the impact of the slowdown, while in Japan economic activity overall appeared to lose momentum as soaring prices spearheaded by raw materials and crude oil diminished consumer spending and worsened the environment for corporate earnings. Similarly, in the dies and molds industries, which significantly affects the financial results of the Group, severe operating conditions with capital investment at a low level continued in the period under review. In light of these developments, the Company launched new strategic initiatives, including a reorganization of the domestic sales framework in order to strengthen the Company's sales capabilities.

Owing to these conditions, compared with a year earlier, consolidated sales in the period under review declined ¥3,175 million, or 19.0%, to ¥13,546 million, with an operating loss of ¥257 million, ordinary income of ¥475 million, reflecting a drop of ¥1,897 million, or 80.0%, and a ¥172 million net loss for the period.

2. Consolidated financial position

Total consolidated assets declined ¥467 million compared with the end of the previous fiscal year to ¥103,499 million. The main reason for the decline was a ¥4,035 million drop in accounts receivable.

Total consolidated liabilities increased ¥1,331 million compared with the end of the previous fiscal year to ¥62,550 million. The rise was mainly due to a ¥1,477 increase in long-term working capital loans.

Consolidated net assets decreased ¥1,799 million compared with the end of the previous fiscal year to ¥40,948 million. The main reason for the decline was the acquisition of own stocks at a cost of ¥653 million.

3. Consolidated financial results forecasts

Expectations for the fiscal year ending March 2009 are for a yet harsher economic environment due to the protracted slowdown in the U.S. economy and given raw materials and crude oil prices continuing at high levels, with prospects that the Group's financial results may fall short of the original forecasts. Consequently, the Group's consolidated financial results forecasts for the six months ending September 30, 2008, have been revised to consolidated sales of ¥31,500 million, operating income of ¥300 million, ordinary income of ¥1,030 million, and net income for the period of ¥230 million. The full-year forecast has been revised to consolidated sales of ¥68,000 million, operating income of ¥2,000 million, ordinary income of ¥2,700 million, and net income for the period of ¥1,500 million.

As to future measures to be taken by the Group, production frameworks will be expanded to reduce costs, sales capabilities will be strengthened through measures such as reviewing existing products for environmental protection solutions with a view to tapping promising areas of new demand, and operating expenses will be trimmed across the entire Company.

4. Other information

(1) No Change in important subsidiaries during the period (including change in the scope of consolidation due to change in specified subsidiaries).

(2) Application of simplified accounting procedures and special accounting procedures for the preparation of quarterly consolidated financial statements

Application of simplified accounting procedures

(i) Calculation method for general bad debt estimates

Since the actual consolidated default ratio at the end of the period under review displayed 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, etc., as of the end of the previous fiscal year.

(ii) Valuation of inventories

The Company calculates consolidated inventories at the end of the period under review, without physical stock taking, in a rational manner based on the physical stock taking of consolidated inventories 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, the Company calculates depreciation by proportional periodic allocation of the consolidated depreciation charges for the current fiscal year.

(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 to taxable income and tax credits.

The Company judges the recoverability of deferred income tax assets using information such as the business environment since the end of the previous consolidated fiscal year, and (given the absence of significant change in the emergence of temporary differences, etc.) consolidated financial results

- (3) Change in accounting principles, procedures, and presentation, etc., concerning the preparation of quarterly consolidated financial statements
- (i) Beginning with the period under review, the Company applies the Financial Accounting Standard for Quarterly Financial Statements (Financial Accounting Standard No. 12) and the Application Guidelines for the Financial Accounting Standard for Quarterly Financial Statements (Financial Accounting Standard Application Guideline No. 14). The Company prepares consolidated quarterly financial statements in accordance with the Rules Concerning the Preparation of Quarterly Consolidated Financial Statements.
  - (ii) Beginning with the period under review, the Company applies the Financial Accounting Standard for Inventory Valuation (Accounting Standards Board of Japan; July 5, 2006; Financial Accounting Standard No. 9) with a change in the valuation method from historical cost to cost with carrying values adjusted for declines in commercial value.
  - (iii) Beginning with the period under review, the Company applies the Provisional Guidelines for the Accounting Treatment of Foreign Subsidiaries in the Preparation of Consolidated Financial Statements (Accounting Standards Board of Japan; May 17, 2006; Practical Solutions Statement No. 18).
  - (iv) A number of consolidated subsidiaries have previously treated as expenses the cost of repairs they provided free of charge for machinery main units sold by them. Beginning with the period under review, this method has been changed to the recognition of provisions for product warranties based on expenditure percentages of historical sales revenues.
  - (v) Beginning with the period under review, a number of consolidated subsidiaries have changed the accounting method for the cost of repairs they provided free of charge on machinery main units sold by them from recognition as SG&A expenses to recognition as cost of sales.

## Sodick Co., Ltd. (6143) Summary of Financial Statements for the Year ending March 31, 2009

[Consolidated financial statements]

(1) [Consolidated balance sheets]

(In million yen)

	As of 1st Quarter 2009 (June 30, 2008)	As of end of previous FY (ended March 31, 2008)
<b>Assets</b>		
Current assets		
Cash and deposits	17,944	19,974
Notes and accounts receivable-trade	22,824	26,395
Commodity and merchandise	7,677	6,447
Work-in-process	8,024	7,162
Raw materials and inventory	7,639	6,879
Other current assets	4,275	4,339
Allowance for doubtful accounts	-786	-734
Total current assets	67,649	70,464
Fixed assets		
Tangible fixed assets		
Buildings and structures	19,067	19,084
Machinery, equipment and vehicles	13,672	13,748
Other fixed assets	11,947	11,660
Accumulated depreciation	-17,743	-17,338
Total tangible fixed assets	26,943	27,155
Intangible assets		
Goodwill	1,264	1,356
Other intangible assets	895	898
Total Intangible assets	2,160	2,255
Investments and other assets		
Other assets	7,259	4,577
Allowance for doubtful accounts	-513	-484
Total Investments and other assets	6,746	4,092
Total Fixed assets	35,850	33,502
<b>Total Assets</b>	<b>103,499</b>	<b>103,967</b>

Sodick Co., Ltd. (6143) Summary of Financial Statements for the Year ending March 31, 2009  
(In million yen)

	As of 1st Quarter 2009 (June 30, 2008)	As of end of previous FY (ended March 31, 2008)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	14,490	15,068
Short-term loans payable	19,843	19,234
Long-term borrowings redeemable within one year	3,510	3,516
Income taxes payable	482	723
Allowance	652	1,067
Other current liabilities	8,561	8,175
<b>Total Current liabilities</b>	<b>47,541</b>	<b>47,785</b>
Fixed liabilities		
Corporate bonds	3,510	3,560
Long-term loans payable	9,083	7,605
Allowance	1,252	1,187
Other fixed liabilities	1,163	1,080
<b>Total Fixed liabilities</b>	<b>15,008</b>	<b>13,433</b>
<b>Total Liabilities</b>	<b>62,550</b>	<b>61,219</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	20,775	20,775
Capital surplus	6,949	6,949
Retained earnings	10,521	11,230
Treasury stock	-1,624	-971
<b>Total Shareholders' equity</b>	<b>36,621</b>	<b>37,984</b>
Evaluation and conversion difference		
Unrealized gain (loss) on available-for-sale securities	318	249
Deferred gains or losses on hedges	-2	-5
Foreign currency translation adjustment	-577	-226
<b>Total evaluation and conversion difference</b>	<b>-261</b>	<b>16</b>
Subscription rights to shares	58	42
Minority interests	4,530	4,704
<b>Total Net assets</b>	<b>40,948</b>	<b>42,748</b>
<b>Total Liabilities and net assets</b>	<b>103,499</b>	<b>103,967</b>

## (2) Statements of income

(In million yen)

	As of 1st Quarter 2009 (June 30, 2008)
Net Sales	13,546
Cost of sales	9,661
Gross profit	3,884
Reversal of deferral of income from installment sales	5
Deferral of income from installment sales	2
Gross profit after income deferrals	3,888
Selling, general and administrative expenses	
Personal expenses	1,705
Reversal of allowance for loan losses	28
Other	2,411
Total Selling, general and administrative expenses	4,145
Operating loss	-257
Non-operating income	
Interest income	17
Commission income	37
Foreign exchange gains	706
Others	160
Total Non-operating income	921
Non-operating expenses	
Interest expenses	137
Other non-operating expenses	51
Total non-operating expense	188
Ordinary income	475
Extraordinary income	
Gain on prior period adjustment	37
Gain on sales of fixed assets	1
Reversal of allowance for loan losses	16
Other extraordinary income	1
Total extraordinary income	56
Extraordinary loss	
Loss from prior period adjustment	92
Prior-year provision for product warranties	81
Other extraordinary losses	0
Total extraordinary loss	174
Income before income taxes	356
Current income taxes	457
Income taxes for prior periods	-104
Deferred income taxes	33
Total income taxes	386
Minority interests in income	142
Net loss	-172

## (3) Consolidated statement of cash flows

	(In million yen)
	As of 1st Quarter 2009 (June 30, 2008)
<b>Cash flows from operating activities</b>	
Income before income taxes	356
Depreciation	692
Amortization of goodwill	88
Change in provisions for doubtful accounts	11
Interest and dividend income	-54
Interest expenses	137
Foreign exchange gains	380
Gain on sale and retirement of fixed assets	1
Loss in trade receivables	3,635
Loss in inventories	-3,140
Change in trade payables	-608
Change in other accounts payable	-330
Other operating cash flows	591
<b>Subtotal</b>	<b>997</b>
Interest and dividend income received	61
Interest expenses paid	-128
Income taxes paid	-564
<b>Net cash provided by operating activities</b>	<b>366</b>
<b>Cash flows from investing activities</b>	
Payments into time deposits	-430
Expenses for purchases of property, plant, and equipment	-510
Proceeds from sale of property, plant, and equipment	208
Expenses for purchase of intangible assets	-86
Proceeds from sale of intangible assets	16
Expenses for purchase of investment securities	1,180
Expenses for loans provided	-1,523
Proceeds from loans collected	29
Other investing cash flows	-56
<b>Net cash used in investing activities</b>	<b>-3,533</b>



Sodick Co., Ltd. (6143) Summary of Financial Statements for the Year ending March 31, 2009  
(In million yen)

	As of 1st Quarter 2009 (June 30, 2008)
<b>Cash flows from financing activities</b>	
Change in short-term borrowings	641
Proceeds from long-term borrowings	2,002
Expenses for redemption of long-term borrowings	-530
Expenses for redemption of bonds	-50
Expenses for purchase of treasury shares	-653
Cash dividends paid	-518
Expenses for payment of finance lease obligations	-42
Cash dividends paid to minority shareholders	-147
Other financing cash flows	-35
<b>Net cash flows from financing activities</b>	<b>667</b>
Effect of exchange rate changes on cash and cash equivalents	89
<b>Net change in cash and cash equivalents</b>	<b>-2,409</b>
Cash and cash equivalents, beginning of year	19,781
<b>Net cash and cash equivalents, end of year</b>	<b>17,371</b>

## (4) Notes on premise of going concern.

No relevant category.

## (5) Segment Information

## a. Operational segment

1st Quarter 2009 (from April 1, 2008, to June 30, 2008)

	Machine tool operations (¥ Million)	Industrial machinery operations (¥ Million)	Other operations (¥ Million)	Total (¥ Million)	Elimination or corporate overhead (¥ Million)	Consolidated (¥ Million)
Net Sales						
(1) Sales to outside customers	8,462	3,556	1,557	13,546	–	13,546
(2) Inter-segment sales or transfers	4	2	53	60	-60	–
Total	8,437	3,558	1,160	13,606	-60	13,546
Operating income or loss	274	53	-172	155	-412	-257

## Notes:

## 1. Criteria for determining business segments

Business segments have been determined based on Japanese Industrial Standards.

## 2. Main products by business segment

Machine tool operations: NC electric discharge machining tools, machining centers, small-hole drilling machines and peripherals.

Industrial machinery operations: Plastic injection molding machines, linear press machines, and peripherals

Other operations: Integrated mold production systems, processed synthetic resin products, food processing machinery, and related equipment and peripherals.

## 3. Change in accounting method

Provisional Guidelines for the Accounting Treatment of Foreign Subsidiaries in the Preparation of Consolidated Financial Statements

As described above in Item (iii) "Change in accounting principles, procedures, and presentation, etc.," concerning the preparation of quarterly consolidated financial statements," beginning with the period under review, the Company applies the Provisional Guidelines for the Accounting Treatment of Foreign Subsidiaries in the Preparation of Consolidated Financial Statements (Practical Solutions Statement No. 18; May 17, 2006). As a result of this change, operating income for the period under review at the Machine Tools Division declined ¥15 million compared with the previous accounting method.

## b. Geographic segments

1st Quarter 2009 (from April 1, 2008, to June 30, 2008)

	Japan (¥ Million)	North and South America (¥ Million)	Europe (¥ Million)	Asia (¥ Million)	Total (¥ Million)	Elimination or corporate overhead (¥ Million)	Consolidated (¥ Million)
Net Sales							
(1) Sales to outside customers	8,552	1,062	1,812	2,118	13,546	–	13,546
(2) Inter-segment sales	3,755	56	1	3,969	7,783	-7,783	–
Total	12,308	1,118	1,814	6,088	21,329	-7,783	13,546
Operating income or loss	135	17	113	-145	122	-379	-257

## Notes:

1. Criteria for determining geographic segments by country and region, and constituent principal countries and regions by geographic segment

(1) Criteria for determining geographic segments by country and region: Geographic proximity.

(2) Constituent principal countries and regions by geographic segment

North and South America: The Americas

Europe: Germany, England

Asia: China, Taiwan, Hong Kong, Thailand, Singapore

2 Change in accounting method

Provisional Guidelines for the Accounting Treatment of Foreign Subsidiaries in the Preparation of Consolidated Financial Statements

As described above in Item (iii) "Change in accounting principles, procedures, and presentation, etc., concerning the preparation of quarterly consolidated financial statements," beginning with the period under review, the Company applies the Provisional Guidelines for the Accounting Treatment of Foreign Subsidiaries in the Preparation of Consolidated Financial Statements (Practical Solutions Statement No. 18; May 17, 2006). As a result of this change, the operating loss recognized for the period under review at the "Asia" segment increased ¥15 million compared with the previous accounting method.

## c. Overseas sales

1st Quarter 2009 (from April 1, 2008, to June 30, 2008)

	North and South America	Europe	Asia	Total
I. Overseas sales (¥ Million)	1,252	1,909	3,988	7,151
II. Consolidated sales (¥ Million)	–	–	–	13,546
II. Overseas sales as percentage of consolidated sales	9.2	14.1	29.4	52.8

## Notes:

1. Overseas sales refers to sales of the Company and its consolidated subsidiaries made in countries and regions other than Japan.
2. Criteria for determining geographic segments by country and region, and constituent principal countries and regions by geographic segment
  - North and South America: United States, Canada, Mexico
  - Europe: Germany, Russia, Italy, Turkey, France, England
  - Asia: China, Taiwan, Hong Kong, Thailand, Singapore, Korea

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

Due to the acquisition of own stock in accordance with such resolution by the board of directors' meeting held on May 20, 2008, treasury stock in the period under review increased by ¥635 million.

[For reference]

## Previous Financial Statements

## 1. Summary of Consolidated balance sheet

Category	As of 1st Quarter 2009 (June 30, 2008)	
	1st Quarter year ended March31, 2008	
	Amount (¥Million)	Percentage (%)
Net Sales	16,722	100.0
Cost of sales	11,285	67.5
Gross profit	5,436	32.5
Reversal of deferral of income from installment sales	8	0.0
Deferral of income from installment sales	3	0.0
Gross profit after income deferrals	5,441	32.5
Selling, general and administrative expenses	4,129	24.7
Operating profit	1,312	7.8
Non-operating income	1,248	7.5
Interest income	27	
Foreign exchange gains	882	
Others	338	
Non-operating expenses	188	1.1
Interest expenses	112	
Equity in earnings of affiliates	1	
Other non-operating expenses	75	
Ordinary income	2,372	14.2
Extraordinary income	28	0.2
Gain on sales of fixed assets	0	
Gain on sales of investment securities	1	
Reversal of allowance for loan losses	5	
Gain on prior period adjustment	21	
Extraordinary loss	26	0.2
Loss on retirement of fixed assets	0	
Loss from prior period adjustment	26	
Income before income taxes and minority interests	2,373	14.2
Total income taxes	838	5.0
Minority interests in income	-31	-0.2
Net Income after income taxes	1,503	9.0

## 2. Segment Information

## a. Operational Segment

Previous Results (1st Quarter for Year ended March 31, 2008)

	Machine tool operations (¥ Million)	Industrial machinery operations (¥ Million)	Other operations (¥ Million)	Total (¥ Million)	Elimination or corporate overhead (¥ Million)	Consolidated (¥ Million)
I. Net Sales						
(1) Sales to outside customers	12,173	2,468	2,080	16,722	–	16,722
(2) Inter-segment sales or transfers	5	–	75	80	(80)	–
Total	12,178	2,468	2,156	16,803	(80)	16,722
Operating expenses	10,297	2,518	2,163	14,979	429	15,409
Operating income (loss)	1,880	-50	-7	1,823	(510)	1,312

## b. Geographic segments

Previous Results (1st Quarter for Year ended March 31, 2008)

	Japan (¥ Million)	North and South America (¥ Million)	Europe (¥ Million)	Asia (¥ Million)	Total (¥ Million)	Elimination or corporate overhead (¥ Million)	Consolidated (¥ Million)
I. Net Sales							
(1) Sales to outside customers	8,543	960	2,031	5,186	16,722	–	16,722
(2) Inter-segment sales	4,773	76	–	5,324	10,174	(10,174)	–
Total	13,317	1,036	2,031	10,511	26,896	(10,174)	16,722
Operating expenses	12,534	1,008	1,901	9,635	25,079	(9,669)	15,409
Operating income (loss)	782	28	129	875	1,816	(504)	1,312

## c. Overseas sales

1st Quarter 2008 (from April 1, 2007 to March 31, 2008)

	North and South America	Europe	Asia	Total
I. Overseas sales (¥ Million)	10,19	2,256	6,692	9,968
II. Consolidated sales (¥ Million)				16,722
II. Overseas sales as percentage of consolidated sales	6.0	13.4	40.0	59.6