

## Summary of Financial Statements (J-GAAP)

November 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

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Quarterly Financial Statement Filing Date: November 12, 2010

Date of dividend payout: —

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

### 1. Consolidated Results for the 2nd Quarter 2011 (from April 1, 2010 to September 30, 2010)

(1) Consolidated Financial Results (for 6 months)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
2Q FY 2011	25,377	64.1	2,488	—	1,334	—	1,372	—
2Q FY 2010	15,463	(50.0)	(2,670)	—	(2,832)	—	(2,551)	—

	Net Income Per Share	Net Income Per Share After Dilution
	¥	¥
2Q FY 2011	27.71	—
2Q FY 2010	(51.52)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	¥ Million	¥ Million	%	¥
2Q FY 2011	77,897	24,853	29.8	468.57
FY 2010	72,767	23,848	30.6	449.54

Note: Shareholders' Equity: 2Q FY 2010: 23,199 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	—	0.00	—	—	—
FY 2011 (forecast)	—	—	—	3.00	3.00

Note: Changes in estimate of the dividend: Yes

### 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	%	¥
Year to March 31, 2011	50,000	36.0	4,000	—	2,500	—	2,400	—	48.47

Note: Changes in estimates of the consolidated result: None

**4. Other Information (For details, refer to “Other Information” on page 2 of the Attachment)**

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

Newly added: — (company name )

Removed: — (company name )

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)	2Q FY 2011	53,432,510 shares	FY 2010	53,432,510 shares
(ii) Number of treasury shares as of the balance sheet date	2Q FY 2011	3,920,825 shares	FY 2010	3,920,587 shares
(iii) Average number of shares (consolidated quarter results)	2Q FY 2011	49,511,807 shares	2Q FY 2010	49,512,320 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**

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.

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## 1. Qualitative Information on Consolidated Financial Results

### (1) Management Discussion and Analysis

The Japanese economy in the period under review advanced on a recovery path driven by rising exports mostly to emerging economies. The outlook remained uncertain, however, as neither personal consumption nor employment showed signs of improvement, and amid lingering concerns that the continuing appreciation of the yen and deflationary pressures could trigger a relapse into recession.

In Machine Tool Operations, the Sodick Group's business mainstay, the demand-and-supply balance underwent rapid improvement fueled by capital investment demand in China. Elsewhere, in Japan and Europe, capital investment demand showed first signs of a rebound from the low levels after the financial crisis of 2008. The recovery remained inconclusive, however, with uneven demand varying in strength depending on the region. In Industrial Machinery Operations, capital investment demand related to LED products was favorable.

In this operating environment, the Group worked to reinforce production frameworks in order to capture the full extent of the buoyant capital investment demand from China and Taiwan, while striving to develop products with superior cost performance for these regions. In order to promote sales, products of the Sodick Group were on display at the IMTS 2010, a world class machine tool exhibition held in the U.S. Efforts at proactive customer acquisition involved presentations of automation systems that help users increase productivity, and consumables recyclable with little environmental impact.

As a result of these developments, sales for the period under review increased ¥9,914 million (or 64.1%) on the year to ¥25,377 million. Operating income and ordinary income marked ¥2,488 million and ¥1,334 million (compared with losses of ¥2,670 million and ¥2,832 million, respectively, a year earlier), while net income for the period recovered to ¥1,372 million from a loss of ¥2,551 million a year earlier.

### (2) Consolidated Financial Position

Consolidated assets increased ¥5,129 million from the end of the previous fiscal year to ¥77,897 million. This was mainly because of a ¥3,177 million expansion in inventories and an increase of ¥2,659 million in notes and accounts receivable trade.

Consolidated liabilities, compared with the end of the previous fiscal year, increased ¥4,124 million to ¥53,043 million. This was mainly due to a ¥4,015 million increase in trade notes and accounts payable.

Net assets increased ¥1,004 million from the end of the previous fiscal year to ¥24,853 million due to the ¥1,372 million net income for the quarter.

### (3) Consolidated Financial Results Forecasts

Based on the results for the period under review, the consolidated earnings estimates published on May 18, 2010, for the full fiscal year to March 2011 have been revised by a *Notice of Earnings Forecast Revision* released on November 8, 2010. The revised estimates call for sales of ¥50 billion, operating income of ¥4 billion, ordinary income of 2.5 billion, and net income of 2.4 billion.

## 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) 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.

#### (iii) 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 first quarter for fiscal year ending March 31, 2011, 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 ¥4 million and decreases net income before income taxes by ¥159 million. The change in asset retirement obligations due to commencement of the new accounting standards is ¥199 million.

(Application of the Accounting Standard for Business Combinations)

Beginning with the first quarter for fiscal year ending March 31, 2011, 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, “Net income before minority interest” is presented as an account item.

Since in the period under review the item “Gain on sales of fixed assets” exceeded 20% of total Extraordinary Income, “Gain on sales of fixed assets” beginning with the period under review is stated separately and not as previously in “Other extraordinary income.” “Gain on sales of fixed assets” included in “Other extraordinary income” in the previous second quarter totaled ¥15million.

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

(In million yen)

	2Q FY 2011 (As of September 30,, 2010)	Summary of consolidated balance sheets for previous FY (Ended of March 31, 2010)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	16,277	15,817
Notes and accounts receivable – trade	14,460	11,801
Commodity and merchandise	5,040	4,690
Work-in-process	4,835	4,160
Raw materials and inventory	6,898	4,745
Other current assets	2,282	1,657
Allowance for doubtful accounts	(686)	(717)
<b>Total current assets</b>	<b>49,108</b>	<b>42,156</b>
<b>Fixed Assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	18,717	18,880
Machinery, equipment and vehicles	12,372	12,362
Other fixed assets	11,043	11,365
Accumulated depreciation	(19,369)	(18,821)
<b>Total tangible fixed assets</b>	<b>22,763</b>	<b>23,786</b>
<b>Intangible fixed assets</b>		
Goodwill	1,846	1,946
Other intangible fixed assets	767	797
<b>Total intangible fixed assets</b>	<b>2,614</b>	<b>2,743</b>
<b>Investments and other assets</b>		
Other assets	3,748	4,350
Allowance for doubtful accounts	(337)	(269)
<b>Total investments and other assets</b>	<b>3,411</b>	<b>4,081</b>
<b>Total fixed assets</b>	<b>28,789</b>	<b>30,611</b>
<b>Total Assets</b>	<b>77,897</b>	<b>72,767</b>

(In million yen)

	2Q FY 2011 (As of September 30, 2010)	Summary of consolidated balance sheets for previous FY (Ended of March 31, 2010)
<b>Liabilities</b>		
Current Liabilities		
Notes and accounts payable-trade	11,053	7,037
Short-term loans payable	21,179	21,687
Long-term borrowings redeemable within one year	3,038	2,976
Income taxes payable	292	188
Allowance	656	560
Other current liabilities	5,443	4,330
Total current liabilities	41,664	36,781
Fixed Liabilities		
Corporate bonds	115	792
Long-term loans payable	9,167	9,303
Provision for retirement benefits	1,030	1,005
Allowance	109	132
Asset removal obligations	199	—
Other fixed liabilities	757	903
Total fixed liabilities	11,379	12,137
Total Liabilities	53,043	48,919
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	20,775	20,775
Capital surplus	5,879	6,949
Retained earnings	478	(1,990)
Treasury stock	(2,135)	(2,135)
Total shareholders' equity	24,997	23,599
Evaluation and conversion difference		
Unrealized gain (loss) on available-for-sale securities	(11)	33
Foreign currency translation adjustment	(1,786)	(1,375)
Total evaluation and conversion difference	(1,798)	(1,341)
Subscription rights to shares	23	24
Minority interests	1,629	1,566
Total net assets	24,853	23,848
Total Liabilities and Net Assets	77,897	72,767

**(2) Statements of income**

(In million yen)

	2Q FY 2010 (April 1, 2009 – September 30, 2009)	2Q FY 2011 (April 1, 2010 – September 30, 2010)
Net Sales	15,463	25,377
Cost of Sales	12,421	17,221
Gross Profit	3,042	8,156
Reversal of Unrealized Income on Installment Sales	3	1
Unrealized Income on Installment Sales	0	—
Gross Profit after Income Deferrals	3,044	8,158
Selling, General and Administrative Expenses		
Personal expenses	2,280	2,126
Reversal of allowance for loan losses	104	121
Other	3,330	3,422
Total selling, general and administrative expenses	5,715	5,669
Operating Income (Loss)	(2,670)	2,488
Non-operating Income		
Interest income	11	12
Dividends income	23	12
Foreign exchange loss	145	—
Gain on valuation of derivatives	122	15
Other non-operating income	199	166
Total non-operating income	501	206
Non-Operating Expenses		
Interest expenses	341	286
Foreign exchange loss	—	953
Syndicate loan expenses	150	—
Other non-operating expenses	171	120
Total non-operating expense	663	1,360
Ordinary Income (Loss)	(2,832)	1,334



(In million yen)

	2Q FY 2010 (April 1, 2009 – September 30, 2009)	2Q FY 2011 (April 1, 2010 – September 30, 2010)
<b>Extraordinary Income</b>		
Gain on sales of fixed assets	—	54
Gain on reversal of allowance for loan losses	231	21
Other extraordinary income	159	78
<b>Total extraordinary income</b>	<b>391</b>	<b>155</b>
<b>Extraordinary Loss</b>		
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	66	70
<b>Total extraordinary loss</b>	<b>131</b>	<b>345</b>
Net Income (Loss) before Income Taxes	(2,572)	1,144
Current Income Taxes	44	217
Income Taxes for Prior Periods	(127)	(477)
Deferred Income Taxes	153	(51)
<b>Total Income Taxes</b>	<b>69</b>	<b>(312)</b>
Net Income before Minority Interest	—	1,456
Minority Interests in Income (Loss)	(91)	84
<b>Net Income (Loss)</b>	<b>(2,551)</b>	<b>1,372</b>

**(3) Consolidated statement of cash flows**

(In million yen)

	2Q FY 2010 (April 1, 2009 – September 30, 2009)	2Q FY 2011 (April 1, 2010 – September 30, 2010)
<b>Cash Flows from Operating Activities</b>		
Income (Loss) before income taxes	(2,572)	1,144
Depreciation	1,357	1,050
Amortization of goodwill	219	218
Change in provisions for doubtful accounts	(204)	67
Interest and dividend income	(34)	(25)
Interest expenses	341	286
Foreign exchange loss (gain)	44	550
Loss (gain) in trade receivables	4,147	(3,324)
Loss (gain) in inventories	2,648	(3,527)
Gain (loss) in trade payables	(1,384)	4,394
Gain (loss) in other accounts payable	(279)	233
Other operating cash flows	(191)	961
Subtotal	4,094	2,030
Interest and dividend income received	34	24
Interest expenses paid	(340)	(289)
Special retirement payments	(65)	—
Income taxes returned (paid)	567	(154)
Net cash provided by operating activities	4,289	1,611
<b>Cash Flows from Investing Activities</b>		
Decrease in time deposits	12	4
Expenses for purchases of property, plant, and equipment	(213)	(339)
Proceeds from sale of property, plant, and equipment	125	171
Expenses for purchase of intangible assets	(43)	(66)
Proceeds from sale of intangible assets	0	—
Expenses for purchase of investment securities	(2)	(1)
Proceeds from sale of investment securities	36	91
Expense for purchase of shares in subsidiaries and affiliates	(243)	—
Proceeds from sale of shares in subsidiaries and affiliates	8	—
Expenditure for payment of capital in affiliates	(210)	—
Expenses for purchase of shares in subsidiaries resulting in a change in the scope of consolidation	—	(71)
Expenses for loans provided	(303)	(8)
Proceeds from loans collected	178	53
Other investing cash flows	117	93
Net cash used in investing activities	(537)	(72)

(In million yen)

	2Q FY 2010 (April 1, 2009 – September 30, 2009)	2Q FY 2011 (April 1, 2010 – September 30, 2010)
<b>Cash Flows from Financing Activities</b>		
Change in short-term borrowings	(4,857)	(395)
Proceeds from long-term borrowings	600	1,100
Expenses for redemption of long-term borrowings	(1,433)	(1,163)
Expenses for redemption of bonds	(717)	(217)
Proceeds from stock issuance to minority shareholders	253	0
Expenses for purchase of treasury shares	(0)	(0)
Cash dividends paid to minority shareholders	—	(0)
Expenses for payment of finance lease obligations	(161)	(196)
Other financing cash flows	(150)	—
Net cash flows from financing activities	(6,465)	(872)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	40	(390)
Net Change in Cash and Cash Equivalents	(2,672)	276
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 2nd Quarter	16,021	16,270

**(4) Notes on premise of going concern**

No relevant category.

**(5) Segment information**

(Additional information)

Beginning with the first quarter for fiscal year ending March 31, 2011, 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

2nd Quarter 2011 (from April 1, 2010, to September 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	6,132	1,296	1,899	4,902	1,344	15,576	—	15,576	5,121
Inter-segment sales or transfers	4,315	116	10	1,179	5,047	10,669	(10,543)	125	18
Total	10,448	1,412	1,910	6,081	6,391	26,245	(10,543)	15,701	5,140
Segment income (loss)	1,738	109	1	505	156	2,510	(0)	2,509	285

	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	1,908	1,462	1,235	25,304	73	25,377	—	25,377	
Inter-segment sales or transfers	13	—	838	996	134	1,130	(1,130)	—	
Total	1,921	1,462	2,074	26,300	207	26,508	(1,130)	25,377	
Segment income (loss)	303	93	122	3,314	(20)	3,294	(805)	2,488	

- 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 -¥0 million includes ¥0 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 -¥805 million includes ¥5 million in eliminations of inter-segment transactions and -¥811 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.