Summary of Financial Statements (J-GAAP)

February 14, 2011

Company Name: Sodick Co., Ltd. Stock Exchange: Tokyo Stock Exchange, 2nd Section
Code Number: 6143 URL: http://www.sodick.co.jp
Representative: Katsuhide Fujiwara, Representative Director; President
Contact: Kenichi Furukawa, Executive Managing Director Tel: +81-45-942-3111
Date of filing of quarterly financial state: February 14, 2011
Date of dividend payout: —
Preparation of supplemental explanatory materials for quarterly account closing: None
Results briefing on quarterly account closing: None

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

1. Consolidated Results for the 3rd Quarter 2011 (from April 1, 2010 to December 31, 2010)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
3Q FY 2011	39,394	55.2	4,010	—	2,379	—	3,290	—
3Q FY 2010	25,389	(43.4)	(2,904)	—	(3,271)	—	(3,135)	—

	Net income per share	Net income per share after dilution
	¥	¥
3Q FY 2011	66.46	—
3Q FY 2010	(63.32)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net assets per share
	¥ Million	¥ Million	%	¥
3Q FY 2011	79,226	26,406	31.3	500.09
FY 2010	72,767	23,848	30.6	449.54

Note: Shareholders' Equity: 3Q FY 2010: 24,760 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)				6.00	6.00

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	52,500	42.8	5,000	—	3,100	—	4,000	—	80.79

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)	3Q FY 2011	53,432,510 shares	FY 2010	53,432,510 shares
(ii)	Number of treasury shares as of the balance sheet date	3Q FY 2011	3,921,005 shares	FY 2010	3,920,587 shares
(iii)	Average number of shares (consolidated quarter results)	3Q FY 2011	49,511,749 shares	3Q FY 2010	49,512,223 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. Information concerning the results forecasts is stated in the Summary of Financial Statements (Attachment), page 2, “Consolidated Financial Results 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 continued its moderately paced recovery despite concerns over the effects from the continuing appreciation of the yen and the end of public stimulus measures such as subsidies for purchases of environmentally friendly vehicles. The upturn was supported by steady growth in the emerging economies of China and Southeast Asia, which contributed to rising exports.

The machine tools and industrial machinery industries, of which the Group is a part, saw steady capital investment demand driven by favorable conditions in China, unchanged from the first half of this fiscal year, as well as positive signs emerging in the U.S. automotive industry and pointers to a recovery in Europe despite continuing instability from the EU fiscal crisis.

In this operating environment, the Group strove in various ways to enhance operating results. To this end, procurement capabilities for parts and components were reinforced in order to structure a manufacturing framework ready to accommodate the recovery in product demand. Moreover, to respond to users' increasingly diverse requirements, the Group engaged in product development in new fields not previously included in product offerings.

As a result of these developments, sales for the period under review increased ¥14,005 million (or 55.2%) on the year to ¥39,394 million. Operating income and ordinary income marked ¥4,010 million and ¥2,379 million (compared with losses of ¥2,904 million and ¥3,271 million, respectively, a year earlier), while net income for the period recovered to ¥3,290 million from a loss of ¥3,135 million a year earlier.

(2) Consolidated Financial Position

Consolidated assets increased ¥6,458 million from the end of the previous fiscal year to ¥79,226 million. This was mainly because of a ¥4,588 million expansion in inventories and an increase of ¥3,376 million in notes and accounts receivable trade.

Consolidated liabilities, compared with the end of the previous fiscal year, increased ¥3,900 million to ¥52,819 million. This was mainly due to a ¥4,340 million increase in trade notes and accounts payable.

Net assets increased ¥2,558 million from the end of the previous fiscal year to ¥26,406 million due to the ¥4,380 million increase in retained earnings.

(3) Consolidated Financial Results Forecasts

Based on the results for the period under review, the consolidated earnings estimates published on November 8, 2010, for the full fiscal year to March 2011 have been revised as stated in the *Notice on Recognition of Extraordinary Income and the Revision of Full-Term Results Forecasts* released on February 14, 2011. The revised estimates call for sales of ¥52.5 billion, operating income of ¥5 billion, ordinary income of 3.1 billion, and net income of 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) Valuation of inventories

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

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

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

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

In the calculation of payable income tax amounts, the Company considers only significant items with regard to adjustments in taxable income and tax credits. If there has been no significant change in the business environment since the end of the previous fiscal year nor in the emergence of temporary differences, the Company judges the recoverability of deferred income tax assets on the basis of the consolidated financial results forecast employed at the end of the previous fiscal year and based on tax planning methods; and if there has been a significant change in either respect, the Company uses for its judgment the consolidated financial results forecast employed at the end of the previous fiscal year as well as tax planning methods with adjustments made for the effects of such significant change.

(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 ¥6 million and decreases net income before income taxes by ¥179 million. The change in asset retirement obligations due to commencement of the new accounting standards is ¥216 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 ¥24 million.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	3Q FY 2011 (As of December 31, 2010)	Summary of consolidated balance sheets for previous FY (Ended of March 31, 2010)
Assets		
Current Assets		
Cash and deposits	15,333	15,817
Notes and accounts receivable – trade	15,177	11,801
Commodity and merchandise	5,208	4,690
Work-in-process	5,494	4,160
Raw materials and inventory	7,482	4,745
Other current assets	3,028	1,657
Allowance for doubtful accounts	(586)	(717)
Total Current Assets	51,138	42,156
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	18,346	18,880
Machinery, equipment and vehicles	12,149	12,362
Other fixed assets	10,822	11,365
Accumulated depreciation	(19,416)	(18,821)
Total Tangible Fixed Assets	21,902	23,786
Intangible Fixed Assets		
Goodwill	1,802	1,946
Other intangible fixed assets	800	797
Total intangible fixed assets	2,603	2,743
Investments and other assets		
Other assets	3,891	4,350
Allowance for doubtful accounts	(309)	(269)
Total investments and other assets	3,581	4,081
Total Fixed Assets	28,087	30,611
Total Assets	79,226	72,767

(In million yen)

	3Q FY 2011 (As of December 31, 2010)	Summary of consolidated balance sheets for previous FY (Ended of March 31, 2010)
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	11,378	7,037
Short-term loans payable	20,713	21,687
Long-term borrowings redeemable within one year	2,786	2,976
Income taxes payable	273	188
Allowance	485	560
Other current liabilities	5,581	4,330
Total Current Liabilities	41,218	36,781
Fixed Liabilities		
Corporate bonds	65	792
Long-term loans payable	9,522	9,303
Provision for retirement benefits	1,052	1,005
Allowance	109	132
Asset removal obligations	217	—
Other fixed liabilities	635	903
Total Fixed Liabilities	11,601	12,137
Total Liabilities	52,819	48,919
Net Assets		
Shareholders' Equity		
Capital stock	20,775	20,775
Capital surplus	5,879	6,949
Retained earnings	2,390	(1,990)
Treasury stock	(2,135)	(2,135)
Total Shareholders' Equity	26,909	23,599
Evaluation and conversion difference		
Unrealized gain (loss) on available-for-sale securities	(48)	33
Foreign currency translation adjustment	(2,198)	(1,375)
Total evaluation and conversion difference	(2,149)	(1,341)
Subscription rights to shares	23	24
Minority interests	1,622	1,566
Total Net Assets	26,406	23,848
Total Liabilities and Net Assets	79,226	72,767

(2) Consolidated Statements of Income

(In million yen)

	3Q FY 2010 (April 1, 2009 – December 31, 2009)	3Q FY 2011 (April 1, 2010 – December 31, 2010)
Net Sales	25,389	39,394
Cost of Sales	19,726	26,625
Gross Profit	5,662	12,768
Reversal of Unrealized Income on Installment Sales	4	3
Unrealized Income on Installment Sales	0	—
Gross Profit after Income Deferrals	5,666	12,772
Selling, General and Administrative Expenses		
Personal expenses	3,417	3,262
Reversal of allowance for loan losses	57	100
Amortization of goodwill	280	149
Other	4,814	5,248
Total selling, general and administrative expenses	8,570	8,761
Operating Income (Loss)	(2,904)	4,010
Non-operating Income		
Interest income	14	15
Dividends income	71	38
Gain on valuation of derivatives	226	19
Other non-operating income	291	229
Total non-operating income	603	302
Non-operating Expenses		
Interest expenses	497	426
Foreign exchange loss	—	1,367
Syndicate loan expenses	189	—
Other non-operating expenses	284	139
Total non-operating expense	971	1,933
Ordinary Income (Loss)	(3,271)	2,379
Extraordinary Income		
Gain on sales of fixed assets	—	314
Gain on sales of investment securities	2	22
Gain on reversal of allowance for loan losses	248	15
Other extraordinary income	175	60
Total extraordinary income	426	413
Extraordinary Loss		
Loss from revaluation of investments in subsidiaries and affiliates	93	—
Special retirement payments	62	—
Amortization of goodwill	—	118
Change amount attributable to the application of the Business Accounting Standard for Asset Retirement Obligations	—	173
Other extraordinary losses	94	117
Total extraordinary loss	250	409
Net Income (Loss) before Income Taxes	(3,095)	2,384
Current Income Taxes	127	360
Income Taxes for Prior Periods	(127)	(488)
Deferred Income Taxes	207	(864)
Total Income Taxes	207	(992)
Net Income before Minority Interest	—	3,377
Minority Interests in Income (Loss)	(167)	86
Net Income (Loss)	(3,135)	3,290

(3) Consolidated Statement of Cash Flows

(In million yen)

	3Q FY 2010 (April 1, 2009 – December 31, 2009)	3Q FY 2011 (April 1, 2010 – December 31, 2010)
Cash Flows from Operating Activities		
Income (Loss) before income taxes	(3,095)	2,384
Depreciation	2,039	1,671
Amortization of goodwill	280	268
Change in provisions for doubtful accounts	(196)	(42)
Interest and dividend income	(85)	(53)
Interest expenses	497	426
Foreign exchange loss (gain)	0	872
Loss (gain) in trade receivables	2,730	(4,105)
Loss (gain) in inventories	3,161	(5,270)
Gain (loss) in trade payables	1,037	4,966
Gain (loss) in other accounts payable	(161)	465
Other operating cash flows	(185)	139
Subtotal	6,023	1,722
Interest and dividend income received	85	53
Interest expenses paid	(470)	(442)
Special retirement payments	(65)	—
Income taxes returned (paid)	559	(207)
Net cash provided by operating activities	6,131	1,127
Cash Flows from Investing Activities		
Increase in time deposits	(20)	—
Decrease in time deposits	12	4
Expenses for purchases of property, plant, and equipment	(321)	(593)
Proceeds from sale of property, plant, and equipment	194	698
Expenses for purchase of intangible assets	(107)	(156)
Proceeds form sale of intangible assets	2	1
Expenses for purchase of investment securities	(3)	(2)
Proceeds from sale of investment securities	55	94
Expense for purchase of shares in subsidiaries and affiliates	(274)	(19)
Proceeds from sale of shares in subsidiaries and affiliates	8	—
Expenditure for payment of capital in affiliates	(230)	—
Expenses for purchase of shares in subsidiaries resulting in a change in the scope of consolidation	—	(71)
Expenses for loans provided	(337)	(15)
Proceeds from loans collected	225	114
Other investing cash flows	156	44
Net cash used in investing activities	(639)	(100)

(In million yen)

	3Q FY 2010 (April 1, 2009 – December 31, 2009)	3Q FY 2011 (April 1, 2010 – December 31, 2010)
Cash Flows from Financing Activities		
Change in short-term borrowings	(7,501)	(809)
Proceeds from long-term borrowings	900	2,480
Expenses for redemption of long-term borrowings	(1,930)	(2,428)
Expenses for redemption of bonds	(1,767)	(267)
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	(254)	(234)
Other financing cash flows	(189)	—
Net cash flows from financing activities	(10,489)	(1,259)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(108)	(635)
Net Change in Cash and Cash Equivalents	5,106)	(667)
Cash and Cash Equivalents, Beginning of Year	18,693	15,804
Increase in Cash and Cash Equivalents Due to Merger of Non-consolidated Subsidiaries and Affiliates	2	—
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	—	189
Net Cash and Cash Equivalents, End of the 3rd Quarter	13,589	15,326

(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, Malaysia), 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

3rd Quarter 2011 (from April 1, 2010, to December 31, 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	9,718	2,338	2,961	8,084	2,012	25,116	—	25,116	7,603
Inter-segment sales or transfers	7,012	164	18	2,126	8,371	17,692	(17,493)	199	20
Total	16,730	2,503	2,980	10,211	10,383	42,809	(17,493)	25,316	7,623
Segment income	3,005	291	19	880	105	4,301	(1)	4,300	350

	Reportable Segment				Others (Note 3)	Total	Adjustment amount (Note 4)	Amount stated on the consolidated statement of income for the quarter (Note 5)
	High-precision Mold and Die Machinery Operations	Food Processing Machinery Operations	Elemental Technology Operations	Reportable Segment Total				
Net Sales								
Sales to outside customers	2,639	2,103	1,830	39,293	101	39,394	—	39,394
Inter-segment sales or transfers	14	—	1,364	1,598	202	1,801	(1,801)	—
Total	2,653	2,103	3,194	40,891	304	41,195	(1,801)	39,394
Segment income	380	44	163	5,238	25	5,264	(1,253)	4,010

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 adjustment amount of -¥1 million includes ¥1 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 adjustment amount of -¥1,253 million includes ¥36 million in eliminations of inter-segment transactions and -¥1,217 million in group overhead not attributable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to reportable segments.
5. The segment income 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.