

4. Other Information

- (1) Changes in important subsidiaries during the consolidated quarter (six months) under review (changes occurred in specified subsidiaries in conjunction with a change in the scope of consolidation): None
Newly added: — (company name)
Removed: — (company name)
- (2) Application of accounting procedures specific to creation of quarterly consolidated financial statements:
None
- (3) Change of accounting policies; change and/or restatement of accounting estimates
(i) Change of accounting policies caused by revision of accounting standards: None
(ii) Change of accounting policies other than stated in (i): None
(iii) Change of accounting estimates: None
(iv) Retroactive restatement: None
- (4) Number of shares issued and outstanding (shares of common stock)
- | | | | | |
|--|------------|-------------------|------------|-------------------|
| (i) Shares issued and outstanding as of the balance sheet date (including treasury shares) | 2Q FY 2012 | 53,432,510 shares | FY 2011 | 53,432,510 shares |
| (ii) Number of treasury shares as of the balance sheet date | 2Q FY 2012 | 3,921,330 shares | FY 2011 | 3,921,080 shares |
| (iii) Average number of shares (consolidated quarter results) | 2Q FY 2012 | 49,511,336 shares | 2Q FY 2011 | 49,511,807 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 Quarterly Financial Results

(1) Qualitative information concerning operating results

The Japanese economy in the period under review was affected by weak personal consumption and falling production in the wake of the Great East Japan Earthquake, but thanks to corporate efforts saw quicker-than-expected restoration of damaged factories and supply chains. Moreover, with consumer restraint in the aftermath of the earthquake appearing to be on the wane, the economy was poised for a recovery. However, concerns over the European debt crisis and economic deceleration in the U.S., which together have been driving the yen to worrisome levels, have since made for an increasingly uncertain outlook.

In this business environment, the Group has been working to accelerate its business development in the Indian market, where strong growth is expected to continue, and to this end set up a showroom in Delhi in the northern part of India. Moreover, as an exhibitor at the “EMO Hannover 2011” held in Hannover in Germany, the Group introduced the TT1-400A machining center which is the first of its kind to use CFRP (carbon fiber reinforced plastic) for the table structure. The TT1-400A is capable of significantly raising processing efficiency for small components, e.g., smart phones, and demand is expected to be strong. The Group will continue to actively work on new market development, at the same time endeavor to elicit fresh demand through new technologies and new products, and strive to secure stable results and enhance earning power.

As a result, consolidated net sales for the period under review totaled ¥29,554 million, up ¥4,176 million (+16.5%) from the same period the year earlier, with operating income of ¥3,826 million, up ¥1,338 million (+53.8%), ordinary income of ¥2,361 million, up ¥1,026 million (+76.9%), and net income of ¥1,752 million, up ¥380 million (+27.8%).

(2) Qualitative information concerning financial position

Consolidated assets increased ¥7,780 million from the end of the previous fiscal year to ¥87,290 million.

Main factors were ¥8,582 million increased in cash and deposits and ¥328 million higher inventories.

Consolidated liabilities, compared with the end of the previous fiscal year, increased ¥6,832 million to ¥58,184 million. This was mainly due to a ¥5,426 million increase in short-term loans payable.

Net assets increased ¥947 million from the end of the previous fiscal year to ¥29,106 million due to the ¥1,432 million increase in retained earnings.

(3) Qualitative information concerning financial forecasts

Concerning the financial results forecasts for fiscal year ending March 31, 2012, the “Notice of Revision of Full-Term Results Forecasts” released today should be referenced.

2. Summary (Other) Information

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

No relevant category.

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

No relevant category.

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

No relevant category.

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

(In million yen)

	FY 2011 (consolidated) (As of March 31, 2011)	2Q FY 2012 (consolidated) (As of September 30, 2011)
Assets		
Current Assets		
Cash and deposits	16,622	25,204
Notes and accounts receivable – trade	14,275	13,693
Commodity and merchandise	5,547	5,729
Work-in-process	5,054	4,843
Raw materials and inventory	7,070	7,429
Other current assets	3,553	2,999
Allowance for doubtful accounts	(559)	(377)
Total current assets	51,566	59,522
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	18,333	18,718
Machinery, equipment and vehicles	12,321	12,384
Other fixed assets	10,848	10,907
Accumulated depreciation	(19,674)	(19,897)
Total tangible fixed assets	21,829	22,112
Intangible Fixed Assets		
Goodwill	1,762	1,689
Other intangible fixed assets	805	853
Total intangible fixed assets	2,567	2,543
Investments and other assets		
Other assets	3,826	3,527
Allowance for doubtful accounts	(278)	(415)
Total investments and other assets	3,547	3,112
Total Fixed Assets	27,944	27,768
Total Assets	79,510	87,290

	FY 2011 (consolidated) (As of March 31, 2011)	2Q FY 2012 (consolidated) (As of September 30, 2011)
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	9,568	9,965
Short-term loans payable	12,065	17,491
Long-term borrowings redeemable within one year	3,665	3,985
Income taxes payable	406	320
Allowance	654	759
Other current liabilities	6,096	5,361
Total current liabilities	32,457	37,883
Fixed Liabilities		
Corporate bonds	58	51
Long-term loans payable	16,965	18,297
Provision for retirement benefits	1,072	1,113
Allowance	106	115
Asset removal obligations	218	220
Other fixed liabilities	473	503
Total fixed liabilities	18,894	20,301
Total Liabilities	51,352	58,184
Net Assets		
Shareholders' Equity		
Capital stock	20,775	20,775
Capital surplus	5,879	5,879
Retained earnings	4,181	5,614
Treasury stock	(2,135)	(2,135)
Total shareholders' equity	28,701	30,133
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	27	7
Foreign currency translation adjustment	(2,277)	(2,675)
Total accumulated other comprehensive income (loss)	(2,249)	(2,667)
Subscription rights to shares	23	23
Minority interests	1,682	1,616
Total Net Assets	28,158	29,106
Total Liabilities and Net Assets	79,510	87,290

(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)
(2nd Quarter)

(In million yen)

	2Q FY 2011 (April 1, 2010 – September 30, 2010)	2Q FY 2012 (April 1, 2011 – September 30, 2011)
Net Sales	25,377	29,554
Cost of Sales	17,221	19,613
Gross Profit	8,156	9,940
Reversal of Unrealized Income on Installment Sales	1	3
Gross Profit after Income Deferrals	8,158	9,944
Selling, General and Administrative Expenses		
Personal expenses	2,126	2,492
Reversal of allowance for loan losses	121	47
Other	3,422	3,577
Total selling, general and administrative expenses	5,669	6,117
Operating Income	2,488	3,826
Non-operating Income		
Interest income	12	19
Dividends income	12	18
Other non-operating income	181	101
Total non-operating income	206	139
Non-operating Expenses		
Interest expenses	286	311
Foreign exchange loss	953	997
Other non-operating expenses	120	295
Total non-operating expense	1,360	1,604
Ordinary Income	1,334	2,361
Extraordinary Income		
Gain on sales of fixed assets	54	16
Gain on reversal of allowance for loan losses	21	—
Subsidiary liquidation gain	—	19
Other extraordinary income	78	—
Total extraordinary income	155	36
Extraordinary Loss		
Amortization of goodwill	118	—
Change amount attributable to the application of the Business Accounting Standard for Asset Retirement Obligations	155	—
Loss on removal of fixed assets	22	24
Impairment losses	31	11
Other extraordinary losses	16	10
Total extraordinary loss	345	46
Net Income before Income Taxes	1,144	2,351
Current Income Taxes	217	431
Income Taxes for Prior Periods	(477)	—
Deferred Income Taxes	(51)	172
Total Income Taxes	(312)	604
Net Income before Minority Interest	1,456	1,746
Minority Interests in Income (Loss)	84	(5)
Net Income	1,372	1,752

(Consolidated Statements of Comprehensive Income)
(2nd Quarter)

(In million yen)

	2Q FY 2011 (April 1, 2010 – September 30, 2010)	2Q FY 2012 (April 1, 2011 – September 30, 2011)
Net Income before Minority Interest	1,456	1,746
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	(45)	(19)
Foreign currency translation adjustment	(425)	(395)
Total other comprehensive income	(471)	(415)
Quarterly Comprehensive Income	985	1,331
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	915	1,334
Comprehensive income attributable to minority interests	69	(3)

(3) Consolidated Statement of Cash Flows

(In million yen)

	2Q FY 2011 (April 1, 2010 – September 30, 2010)	2Q FY 2012 (April 1, 2011 – September 30, 2011)
Cash Flows from Operating Activities		
Income (Loss) before income taxes	1,144	2,351
Depreciation	1,050	1,056
Amortization of goodwill	218	77
Change in provisions for doubtful accounts	67	(24)
Interest and dividend income	(25)	(37)
Interest expenses	286	311
Foreign exchange loss (gain)	550	281
Loss (gain) in trade receivables	(3,324)	(45)
Loss (gain) in inventories	(3,527)	(1,060)
Gain (loss) in trade payables	4,394	1,107
Gain (loss) in other accounts payable	233	(81)
Other operating cash flows	961	267
Subtotal	2,030	4,204
Interest and dividend income received	24	37
Interest expenses paid	(289)	(310)
Income taxes returned (paid)	(154)	(25)
Net cash provided by operating activities	1,611	3,906
Cash Flows from Investing Activities		
Increase in time deposits	—	(715)
Decrease in time deposits	4	—
Expenses for purchases of property, plant, and equipment	(339)	(1,016)
Proceeds from sale of property, plant, and equipment	171	31
Expenses for purchase of intangible assets	(66)	(124)
Expenses for purchase of investment securities	(1)	(2)
Proceeds from sale of investment securities	91	7
Expenses for purchase of shares in subsidiaries resulting in a change in the scope of consolidation	(71)	—
Expenses for loans provided	(8)	—
Proceeds from loans collected	53	267
Other investing cash flows	93	(29)
Net cash used in investing activities	(72)	(1,580)

	2Q FY 2011 (April 1, 2010 – September 30, 2010)	2Q FY 2012 (April 1, 2011 – September 30, 2011)
Cash Flows from Financing Activities		
Change in short-term borrowings	(395)	5,643
Proceeds from long-term borrowings	1,100	3,490
Expenses for redemption of long-term borrowings	(1,163)	(1,842)
Expenses for redemption of bonds	(217)	(677)
Proceeds from stock issuance to minority shareholders	0	—
Expenses for purchase of treasury shares	(0)	(0)
Cash dividends paid	—	(297)
Cash dividends paid to minority shareholders	(0)	(62)
Expenses for payment of finance lease obligations	(196)	(106)
Other financing cash flows	—	(247)
Net cash flows from financing activities	(872)	5,900
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(390)	(357)
Net Change in Cash and Cash Equivalents	276	7,868
Cash and Cash Equivalents, Beginning of Year	15,804	16,615
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	189	—
Net Cash and Cash Equivalents, End of the 2nd Quarter	16,270	24,483

(4) Notes on premise of going concern

No relevant category.

(5) Segment Information, etc.

I. 2Q FY 2011 (from April 1, 2010 to September 30, 2010)

Information by reportable segment on sales and income amounts

(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 (Note 5)
	High-precision Mold and Die Machinery Operations	Food Processing Machinery Operations	Elemental Technology Operations	Reportable Segment Total					
Net Sales									
Sales to outside customers	1,908	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. The segment income (loss) has been reconciled with the operating income stated on the consolidated statement of income for the period.

II. 2Q FY 2012 (from April 1, 2011 to September 30, 2012)
Information by reportable segment on sales and income amounts

(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	6,501	1,843	2,701	8,578	1,605	21,229	—	21,229	4,436
Inter-segment sales or transfers	5,805	138	12	1,032	5,995	12,983	(12,904)	79	6
Total	12,306	1,981	2,713	9,611	7,601	34,213	(12,904)	21,309	4,443
Segment income (loss)	2,285	203	194	1,199	328	4,210	83	4,294	25

	Reportable Segment					Others (Note 3)	Total	Adjustment amount (Note 4)	Amount stated on the consolidated statement of income for the quarter (Note 5)
	High-precision Mold and Die Machinery Operations	Food Processing Machinery Operations	Elemental Technology Operations	Reportable Segment Total					
Net Sales									
Sales to outside customers	1,320	1,259	1,256	29,502	51	29,554	—	29,554	
Inter-segment sales or transfers	3	—	1,262	1,352	113	1,466	(1,466)	—	
Total	1,323	1,259	2,518	30,855	165	31,020	(1,466)	29,554	
Segment income (loss)	16	(24)	343	4,655	(26)	4,629	(802)	3,826	

- 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 -¥83 million includes ¥83 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 -¥802 million includes ¥61 million in eliminations of inter-segment transactions and -¥741 million in group overhead not attributable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to reportable segments.
 5. The segment income (loss) has been reconciled with the operating income stated on the consolidated statement of income for the period.

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

No significant changes.

(7) Material subsequent events

(Impact of the flood damage in Thailand)

Due to the flood that occurred in October 2011, the factory of the Group's consolidated subsidiary Sodick (Thailand) Co., Ltd. was damaged by flooding. Affected assets include buildings, production equipment, as well as inventories of products and raw materials. The damage amount is currently being investigated. The impact on operating performance is at this point not open to reasonable assessment. Detailed examinations are continuing.

(Execution of share purchase)

Pursuant to resolution at the board of directors' meeting on November 9, 2011, it was determined to acquire through a public tender offer ("Public Tender Offer") the shares of Sodick Plustech Co., Ltd. ("Subject Company").

1. Purpose of the acquisition, etc.

The operating environment of the Group, including the Subject Company, has of late been faced with progressing yen appreciation and a highly uncertain outlook for the global economy, which in combination with weak personal consumption makes for profoundly adverse business conditions. Additionally, the contest with competitors has been gaining further in intensity. In order to accommodate this changed environment, it is necessary for the Group to maintain and strengthen its competitiveness through the rapid implementation of measures such as concentrating Group activities and focusing Group internal management resources. Moreover, in injection molding machinery operations, the business mainstay of the Subject Company, progressing market globalization has been driven by the rapid growth in emerging economies and by Group customers moving their operations overseas. This development raises the need to offer new products that address user requirements by individual region and to create new sales networks.

In recognition of the changes in market environments described above, since around September 2011, Sodick and the Subject Company have been repeatedly holding consultations and deliberations surrounding measures to ensure continued enhancement in the Subject Company's enterprise value and the Group's future growth and development. As a result, it was found that by converting the Subject Company into a fully owned subsidiary of the Company and by strengthening the cooperation between the two companies, (i) further efficiency gains and strengthening of operations will become possible at the Subject Company, in an integrative manner with the Company, in the areas of manufacture, sales, and R&D, as well as the formulating and implementing of flexible management strategies and speedy and flexible decision making; (ii) at the Company, flexible integration of the technologies and expertise related to linear motors and IPM motors in the Subject Company's motion operations will become possible with Sodick's machine tools such as electric discharge machining tools and machining centers, which will likely result in a significant gain in development speed for machine tools; and (iii) at both companies, enhanced strategic deployment of the R&D personnel and facilities of the Group and the Subject Company will become possible, with room for cutting the development cost of new products and for enhancing productivity, among other shared scenarios of ways for optimizing the management resources in the Group including the Subject Company. Ultimately, on November 9, 2011, it was concluded that the optimal solution was to let the Subject Company through the Public Tender Offer become a fully owned subsidiary as part of group structure reorganization.

(1) Price of acquisition, etc.

To ensure the determination of a fair Public Tender Offer price, as a third-party appraisal institution independent of Sodick and the Subject Company, Yamada FAS Co., Ltd. ("Yamada FAS") was mandated with the calculation of the share price of the Subject Company. The documentation of the share valuation calculation was received on November 8, 2011. Pursuant to resolution at the meeting of the board of directors of the Company held on November 8, 2011, for the purposes of the Public Tender Offer the offer price ("Public Tender Offer Price") per share of the Subject Company was determined at ¥210 per share, taking into comprehensive consideration (i) historical examples of premiums granted in determining the public tender offer prices for shares of other issuers, (ii) the likelihood of the Subject Company's board of directors' consenting to the Public Tender Offer, (iii) the trend in the market price of the common stock of the Subject Company and the prospects regarding the number of respondents to the Tender Offer, and (iv) the results of consultations and negotiations with the Subject Company.

(2) Schedule after the Public Tender Offer (information concerning a 2nd offering)

As stated in the foregoing, based on the Company's policy to acquire the entire share capital of the Subject Company, the Company plans to acquire the entire share capital of the Subject Company through the Public Tender Offer and various procedures thereafter.

2. Outline of the purchase, etc.

(1) Outline of the Subject Company

- (i) Corporate name: Sodick Plustech Co., Ltd.
- (ii) Business lines: Synthetic resin processing machinery; development, manufacture, and sale of machine tools and related equipment, development, manufacture, and sale of food processing machinery and related equipment
- (iii) Date established: July 29, 1992
- (iv) Head office location: 3-12-1 Nakamachidai, Tsuzuki-ku, Yokohama, Kanagawa 224-8522, Japan
- (v) Positions and names of representatives:
 Masaaki Suzuki, Representative Director and Chairman
 Misao Fujikawa, Representative Director and President
- (vi) Capital: ¥2,873.88 million
- (vii) Principal shareholders and equity stakes (as of March 31, 2011):
- | | |
|--|--------|
| Sodick Co., Ltd. | 64.37% |
| Masaaki Suzuki | 3.21% |
| Toshihiko Furukawa | 3.15% |
| Sodick Plustech Eikō Stock Ownership Association | 2.39% |
| Kenichi Osako | 1.57% |
| Sodick Plustech Employee Stock Ownership Association | 0.94% |
| Shigeru Fujimaki | 0.94% |
| Sadao Sano | 0.63% |
| Takeshi Ichikawa | 0.63% |
| Misao Fujikawa | 0.52% |
- (viii) Relationship between Sodick Co., Ltd., and the Subject Company:
- Shareholding relations: The Company directly owns 64.37% (20,444,000 shares) of the issued and outstanding share capital of the Subject Company.
- Personnel relations: The representative director and chairman of the Company (Toshihiko Furukawa) serves as director and advisor of the Subject Company; the executive vice president of the Company (Akio Hosaka) serves as corporate auditor of the Subject Company; and a director of the Company (Masaaki Suzuki) serves as representative director and chairman of the Subject Company.
- Trade relations: The Company supplies injection molding machinery, parts and materials for food processing machinery and sells electric discharge machining tools to the Subject Company. The Subject Company sells parts and materials for electric discharge machining tools and linear motors to the Company.
- “Related party” relations: The Subject Company is a consolidated subsidiary of the Company and therefore constitutes a related party.

(2) Period of the offer, etc.

- (i) Originally filed period of offer, etc.
 From November 10 (Thu), 2011, until December 22 (Thu), 2011 (30 business days)
- (ii) Extension available by request of the Subject Company: None

(3) Price of acquisition, etc.

¥210 per share of common stock

(4) Number of shares, etc. scheduled to be acquired

Share class	Number of shares (after conversion) scheduled to be acquired (shares)	Minimum limit of number of shares (after conversion) scheduled to be acquired (shares)	Maximum limit of number of shares (after conversion) scheduled to be acquired (shares)
Shares of common stock	11,314,000	—	—
Total	11,314,000	—	—

(5) Acquisition price: ¥2,375 million (prospective)

Note: The acquisition price states the number of shares scheduled to be acquired through the Public Tender Offer (11,314,000 shares) multiplied by the Public Tender Offer Price (¥210).

(6) Funding method of the acquisition price

The acquisition is fully funded with cash on hand.