

4. Other Information

- (1) Changes in important subsidiaries during the consolidated quarter (nine 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) | 3Q FY 2012 | 53,432,510 shares | FY 2011 | 53,432,510 shares |
| (ii) Number of treasury shares as of the balance sheet date | 3Q FY 2012 | 3,921,430 shares | FY 2011 | 3,921,080 shares |
| (iii) Average number of shares (consolidated quarter results) | 3Q FY 2012 | 49,511,273 shares | 3Q FY 2011 | 49,511,749 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."

Table of Contents of the Attachment

1. Qualitative Information on Quarterly Financial Results	2
(1) Qualitative information concerning operating results.....	2
(2) Qualitative information concerning financial position	2
(3) Qualitative information concerning financial forecasts	2
2. Summary (Other) Information.....	2
(1) Changes in important subsidiaries during the consolidated quarter (three months) under review	2
(2) Application of accounting procedures specific to creation of quarterly consolidated financial statements	2
(3) Change of accounting policies; change and/or restatement of accounting estimates.....	2
3. Consolidated Financial Statements.....	3
(1) Consolidated Balance Sheets	3
(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income	5
Consolidated Statements of Income 3rd Quarter.....	5
Consolidated Statements of Comprehensive Income 3rd Quarter.....	6
(3) Notes on premise of going concern	7
(4) Segment Information, etc.....	7
(5) Notes in case of significant variation in shareholders' equity	8
(6) Material subsequent events.....	9

1. Qualitative Information on Quarterly Financial Results

(1) Qualitative information concerning operating results

The Japanese economy in the period under review saw industrial production rebound amid signs of economic recovery, aided by reconstruction demand after the Great East Japan Earthquake. Nonetheless, overall conditions remained under pressure from factors such as the flood damage in Thailand, financial dislocation in Europe, and the excessive appreciation of the yen.

Due to the record-level flooding in Thailand which compelled a suspension of operations at the Group's plant in the Navanakorn Industrial Estate Zone in Thailand's Pathumthani province, a temporary production disruption resulted. To resolve the stoppage and quickly resume production, measures were taken for alternative production of electrical discharge machines at the Fukui plant in Japan and the Suzhou and Amoy plants in China. Thanks also to the ensuing widespread support from partnering firms, production at the Thai factory partly resumed in mid-December.

The Group also took steps to address the changing business environment and make adjustments for the Group's future. Due to the growth in the markets of emerging economies and the overseas shift of domestic users, the operating environment of the Group has been quick to turn global. In order to respond to this rapid change in the environment, further selectivity and concentration of the Group's activities and resources are necessary. Moreover, to maintain and enhance the Group's competitive strength, a public tender offer was implemented to acquire the entire share capital of consolidated subsidiary Sodick Plustech.

As a result of these developments, consolidated net sales for the period under review totaled ¥41,064 million, up ¥1,669 million (+4.2%) from the same period the year earlier, with operating income of ¥4,659 million, up ¥649 million (+16.2%), ordinary income of ¥3,068 million, up ¥688 million (+28.9%), but with net income down ¥2,193 million (-66.7%) to ¥1,096 million.

(2) Qualitative information concerning financial position

Consolidated assets totaled ¥83,018 million, an increase of ¥3,507 million compared with the end of the previous fiscal year. Main factors were ¥3,398 million higher cash and deposits and a ¥306 million increase in reversals of allowance for doubtful accounts.

Consolidated liabilities totaled ¥56,499 million, an increase of ¥5,147 million compared with the end of the previous fiscal year. The main factor was a ¥5,176 million rise in short-term borrowings.

Net assets totaled ¥26,519 million, a decrease of ¥1,639 million compared with the end of the previous fiscal year. Main factors were a ¥1,413 million decline in minority interests and a ¥520 million drop in retained earnings.

(3) Qualitative information concerning financial forecasts

The financial results forecasts released on November 11, 2011, remain intact.

2. Summary (Other) Information

(1) Changes in important subsidiaries during the consolidated quarter (three 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)	3Q FY 2012 (consolidated) (As of December 31, 2011)
Assets		
Current Assets		
Cash and deposits	16,622	20,020
Notes and accounts receivable – trade	14,275	12,115
Commodity and merchandise	5,547	4,163
Work-in-process	5,054	4,802
Raw materials and inventory	7,070	8,716
Other current assets	3,553	4,689
Allowance for doubtful accounts	(559)	(252)
Total current assets	51,566	54,255
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	18,333	18,726
Machinery, equipment and vehicles	12,321	11,954
Other fixed assets	10,848	11,326
Accumulated depreciation	(19,674)	(20,222)
Total tangible fixed assets	21,829	21,785
Intangible Fixed Assets		
Goodwill	1,762	2,533
Other intangible fixed assets	805	847
Total intangible fixed assets	2,567	3,381
Investments and other assets		
Other assets	3,826	3,966
Allowance for doubtful accounts	(278)	(369)
Total investments and other assets	3,547	3,597
Total Fixed Assets	27,944	28,763
Total Assets	79,510	83,018

	FY 2011 (consolidated) (As of March 31, 2011)	3Q FY 2012 (consolidated) (As of December 31, 2011)
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	9,568	9,652
Short-term loans payable	12,065	17,242
Long-term borrowings redeemable within one year	3,665	3,628
Income taxes payable	406	234
Allowance	654	506
Other current liabilities	6,096	5,560
Total current liabilities	32,457	36,825
Fixed Liabilities		
Corporate bonds	58	51
Long-term loans payable	16,965	17,647
Provision for retirement benefits	1,072	1,076
Allowance	106	118
Asset removal obligations	218	221
Other fixed liabilities	473	558
Total fixed liabilities	18,894	19,674
Total Liabilities	51,352	56,499
Net Assets		
Shareholders' Equity		
Capital stock	20,775	20,775
Capital surplus	5,879	5,879
Retained earnings	4,181	4,702
Treasury stock	(2,135)	(2,135)
Total shareholders' equity	28,701	29,221
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	27	13
Foreign currency translation adjustment	(2,277)	(3,009)
Total accumulated other comprehensive income (loss)	(2,249)	(2,996)
Subscription rights to shares	23	23
Minority interests	1,682	269
Total Net Assets	28,158	26,519
Total Liabilities and Net Assets	79,510	83,018

(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)
(3rd Quarter)

(In million yen)

	3Q FY 2011 (April 1, 2010 – December 31, 2010)	3QFY 2012 (April 1, 2011 – December 31, 2011)
Net Sales	39,394	41,064
Cost of Sales	26,625	27,301
Gross Profit	12,768	13,763
Reversal of Unrealized Income on Installment Sales	3	4
Gross Profit after Income Deferrals	12,772	13,767
Selling, General and Administrative Expenses		
Personal expenses	3,262	3,714
Reversal of allowance for loan losses	100	133
Amortization of goodwill	149	116
Other	5,248	5,143
Total selling, general and administrative expenses	8,761	9,108
Operating Income	4,010	4,659
Non-operating Income		
Interest income	15	36
Dividends income	38	57
Gain on reversal of allowance for loan losses	—	108
Other non-operating income	248	127
Total non-operating income	302	329
Non-operating Expenses		
Interest expenses	426	480
Foreign exchange loss	1,367	1,119
Other non-operating expenses	139	321
Total non-operating expense	1,933	1,921
Ordinary Income	2,379	3,068
Extraordinary Income		
Gain on sales of fixed assets	314	32
Gain on sales of investment securities	22	—
Gain on reversal of allowance for loan losses	15	—
Proceeds from insurance money received	—	1,295
Other extraordinary income	60	23
Total extraordinary income	413	1,350
Extraordinary Loss		
Amortization of goodwill	118	—
Change amount attributable to the application of the Business Accounting Standard for Asset Retirement Obligations	173	—
Loss from natural disaster	—	2,514
Impairment losses	117	114
Other extraordinary losses	409	2,629
Total extraordinary loss	2,384	1,789
Net Income before Income Taxes	360	630
Current Income Taxes	(488)	—
Income Taxes for Prior Periods	(864)	110
Deferred Income Taxes	(992)	740
Total Income Taxes	3,377	1,048
Minority Interests in Income (Loss)	86	(48)
Net Income	3,290	1,096

**(Consolidated Statements of Comprehensive Income)
(3rd Quarter)**

(In million yen)

	3Q FY 2011 (April 1, 2010 – December 31, 2010)	3Q FY 2012 (April 1, 2011 – December 31, 2011)
Net Income before Minority Interest	3,377	1,048
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	15	(14)
Foreign currency translation adjustment	(843)	(737)
Total other comprehensive income	(828)	(751)
Quarterly Comprehensive Income	2,549	296
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	2,483	350
Comprehensive income attributable to minority interests	65	(53)

(3) Notes on premise of going concern

No relevant category.

(4) Segment Information, etc.

I. 3Q FY 2011 (from April 1, 2010 to December 31, 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	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.

II. 3Q FY 2012 (from April 1, 2011 to December 31, 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	9,148	2,840	3,962	11,550	1,933	29,435	—	29,435	6,174
Inter-segment sales or transfers	7,113	160	24	1,978	6,211	15,488	(15,388)	99	9
Total	16,262	3,000	3,986	13,528	8,145	44,923	(15,388)	29,535	6,183
Segment income (loss)	2,959	381	240	1,535	343	5,460	113	5,573	(210)

	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	2,109	1,633	1,637	40,990	73	41,064	—	41,064	
Inter-segment sales or transfers	4	—	1,683	1,796	169	1,966	(1,966)	—	
Total	2,113	1,633	3,320	42,787	243	43,030	(1,966)	41,064	
Segment income (loss)	123	(114)	364	5,736	28	5,764	(1,105)	4,659	

- 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 -¥113 million includes ¥113 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 -¥1,105 million includes -¥1 million in eliminations of inter-segment transactions and -¥1,104 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.

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

No significant changes.

(6) Material subsequent events

Based on a board resolution of the Company dated January 13, 2012, the Company concluded on the same day a share exchange agreement with its consolidated subsidiary Sodick Plustech Co., Ltd. (“Sodick Plustech”), rendering the Company the sole shareholder of that subsidiary.

With the Company as the sole shareholder and Sodick Plustech the fully-owned subsidiary of the Company as result of the agreement, the shares of Sodick Plustech are scheduled to be delisted on February 27, 2012 (the last trading day is February 24, 2012).

The particulars of the share exchange are outlined below.

1. Content of the share exchange

The Company becomes the sole shareholder of Sodick Plustech, which in its turn becomes the fully-owned subsidiary of the Company.

2. Date of the share exchange (effective date)

March 1, 2012

3. Method of the share exchange

The exchange will be made in exchange for an allotment of prospective 808,860 treasury shares of common stock of the Company to the shareholders registered in the register of shareholders of Sodick Plustech as of the day of the exchange of the shares.

4. Share exchange ratio

The shares will be exchanged at the ratio of 0.52 shares of the Company per share of Sodick Plustech.

5. Basis of computation of the share exchange ratio

For the computation of the share exchange ratio the Company and Sodick Plustech each individually elected and commissioned one third-party institution unrelated to the Company and Sodick Plustech, namely YAMADA FAS Co., Ltd. (“YAMADA FAS”) with respect to the Company, and Corporate Advisors Accounting Co., Ltd. (“Corporate Advisors Accounting”) with respect to Sodick Plustech. YAMADA FAS employed the average market value method for its computation concerning the Company, and the average market value method, the comparable company method, and the discounted cash flow method for its computation concerning Sodick Plustech.

Corporate Advisors Accounting employed the average market value method for its computation concerning the Company, given that the shares of the Company are listed on a public financial exchange and market prices exist. With regard to Sodick Plustech, whose shares are listed on a public financial exchange, and market prices exist, Corporate Advisors Accounting employed the average market value method, as well as the comparable company method on grounds that multiple exchange-listed firms comparable to Sodick Plustech exist, and the discounted cash flow method to incorporate the value of future business activities into the computation.

The share exchange ratio was determined based on consultations among the parties involved with reference to the results of these computations.