



\* Notes

- (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 2014	53,432,510 shares	FY 2013	53,432,510 shares
(ii) Number of treasury shares as of the balance sheet date	2Q FY 2014	3,113,346 shares	FY 2013	3,113,112 shares
(iii) Average number of shares (consolidated quarter results)	2Q FY 2014	50,319,250 shares	2Q FY 2013	50,319,827 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. Notably, as of the time of the release of this summary of quarterly financial statements, review procedures of quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been concluded.

\* 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, "Explanation of consolidated earnings estimates and forward-looking information."

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of business results

World business conditions in the period under review were marked by uncertainty and varied widely by region. In Europe, the smoldering debt crisis showed signs of improvement, while in the U.S. the industrial recovery continued to move forward and expectations mounted for further job creation. In China, on the other hand, worries have arisen over the economy's slower growth. For the Japanese economy, positive signs appeared as the government's financial policies continued to drive a yen correction and an upswing in the stock market, while also spurring movement towards recovery in business earnings, especially in the export sector. Meanwhile, consumer spending showed signs of revival after a long dormancy.

Despite an improving trend in capital investment demand, which sways the Group's performance, business results were affected this quarter by the absence of demand related to the reconstruction of flood damage in Thailand and the absence of big-ticket items in high-margin injection molding machinery (both contributing factors in the year-earlier period).

In this environment, the Group turned its focus to growth market initiatives, including the establishment of a sales company in Vietnam, a country with burgeoning foreign investment. The Company also exhibited at EMO Hannover 2013, a major international machine tools exhibition in Germany, and at MTA Vietnam 2013. These trade show appearances are part of a vigorous set of sales activities directed at multiple levels of users ranging from customers in well-developed markets requiring top technical performance to those in high-growth markets requiring superior cost performance.

As a result, consolidated net sales for the period totaled ¥27,013 million, down ¥1,156 million (-4.1%) from the same period the year earlier, with operating income of ¥1,488 million, down ¥1,110 million (-42.7%), ordinary income of ¥2,114 million, up ¥208 million (+10.9%), and net income of ¥1,664 million, down ¥212 million (-11.3%).

### (2) Explanation of financial position

Consolidated assets increased ¥3,868 million from the end of the previous fiscal year to ¥98,909 million.

Main factors include a ¥2,628 million increase in cash and deposits.

Consolidated liabilities, compared with the end of the previous fiscal year, increased ¥833 million to ¥59,840 million. This was mainly due to a ¥2,590 million increase in long-term loans payable, which was partially offset by decreases of ¥648 million in short-term loans payable and ¥445 million in notes and accounts payable-trade.

Net assets increased ¥3,035 million from the end of the previous fiscal year to ¥39,069 million. Main factors for the increase include retained earnings of ¥1,129 million and a foreign currency translation adjustment of ¥1,615 million.

### (3) Explanation of consolidated earnings estimates and forward-looking information

For information on consolidated earnings estimates, please refer to the "Notice of First-Half Variance between Consolidated Forecasts and Actual Results and Revision to Consolidated Full-Term Forecasts," which was announced separately on November 8, 2013 (in Japanese).

## 2. Summary (Notes) 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 2013 (consolidated) (As of March 31, 2013)	2Q FY 2014 (consolidated) (As of September 30, 2013)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	25,533	28,162
Notes and accounts receivable – trade	12,927	12,509
Installment accounts receivable	5	25
Commodity and merchandise	5,554	6,691
Work-in-process	6,097	5,987
Raw materials and inventory	9,724	9,341
Other current assets	3,044	3,058
Allowance for doubtful accounts	(198)	(178)
<b>Total current assets</b>	<b>62,688</b>	<b>65,597</b>
<b>Fixed Assets</b>		
<b>Tangible Fixed Assets</b>		
Buildings and structures	19,114	20,809
Machinery, equipment and vehicles	13,347	14,423
Other fixed assets	11,138	10,226
Accumulated depreciation	(20,142)	(21,018)
<b>Total tangible fixed assets</b>	<b>23,458</b>	<b>24,440</b>
<b>Intangible Fixed Assets</b>		
Goodwill	2,433	2,893
Other intangible fixed assets	1,150	1,463
<b>Total intangible fixed assets</b>	<b>3,583</b>	<b>4,357</b>
<b>Investments and other assets</b>		
Other assets	5,647	4,784
Allowance for doubtful accounts	(337)	(270)
<b>Total investments and other assets</b>	<b>5,310</b>	<b>4,514</b>
<b>Total Fixed Assets</b>	<b>32,352</b>	<b>33,312</b>
<b>Total Assets</b>	<b>95,014</b>	<b>98,909</b>

	FY 2013 (consolidated) (As of March 31, 2013)	2Q FY 2014 (consolidated) (As of September 30, 2013)
<b>Liabilities</b>		
Current Liabilities		
Notes and accounts payable-trade	8,508	8,063
Short-term loans payable	5,604	4,956
Long-term borrowings redeemable within one year	10,017	10,116
Income taxes payable	460	310
Allowance	833	878
Other current liabilities	5,494	5,214
<b>Total current liabilities</b>	<b>30,919</b>	<b>29,541</b>
Fixed Liabilities		
Corporate bonds	30	23
Long-term loans payable	25,840	28,430
Provision for retirement benefits	892	819
Allowance	178	168
Asset removal obligations	224	226
Other fixed liabilities	921	630
<b>Total fixed liabilities</b>	<b>28,088</b>	<b>30,299</b>
<b>Total Liabilities</b>	<b>59,007</b>	<b>59,840</b>
<b>Net Assets</b>		
Shareholders' Equity		
Capital stock	20,775	20,775
Capital surplus	5,879	5,879
Retained earnings	10,435	11,565
Treasury stock	(1,695)	(1,695)
<b>Total shareholders' equity</b>	<b>35,395</b>	<b>36,525</b>
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	400	693
Foreign currency translation adjustment	195	1,810
<b>Total accumulated other comprehensive income</b>	<b>595</b>	<b>2,504</b>
Minority interests	42	39
<b>Total Net Assets</b>	<b>36,033</b>	<b>39,069</b>
<b>Total Liabilities and Net Assets</b>	<b>95,041</b>	<b>98,909</b>

**(2) Consolidated Statements of Income / Consolidated statements of comprehensive income**  
**(Consolidated Statements of Income)**  
**(2nd quarter)**

(In million yen)

	2Q FY 2013 (April 1, 2012 – September 30, 2012)	2Q FY 2014 (April 1, 2013 – September 30, 2013)
Net Sales	28,170	27,013
Cost of Sales	19,520	18,792
Gross Profit	8,649	8,221
Reversal of Unrealized Income on Installment Sales	2	1
Unrealized Income from Installment Sales	—	1
Gross Profit after Income Deferrals	8,652	8,221
Selling, General and Administrative Expenses		
Personnel expenses	2,480	2,749
Reversal of allowance for loan losses	(37)	(32)
Other	3,610	4,016
Total selling, general and administrative expenses	6,053	6,733
Operating Income	2,599	1,488
Non-operating Income		
Interest income	39	31
Dividends income	18	34
Foreign exchange gain	—	759
Gain on sales of scraps	42	21
Other non-operating income	71	216
Total non-operating income	170	1,063
Non-operating Expenses		
Interest expenses	334	323
Foreign exchange loss	476	—
Other non-operating expenses	52	113
Total non-operating expense	863	436
Ordinary Income	1,906	2,114
Extraordinary Income		
Gain on sales of fixed assets	18	35
Proceeds from insurance money received	1,285	—
Other extraordinary income	77	—
Total extraordinary income	1,382	35
Extraordinary Loss		
Loss on disposition of fixed assets	—	0
Loss on retirement of fixed assets	27	18
Impairment losses	935	—
Loss from natural disaster	310	—
Other extraordinary losses	18	2
Total extraordinary loss	1,290	21
Net Income before Income Taxes	1,997	2,128
Current Income Taxes	373	496
Deferred Income Taxes	(259)	(20)
Total Income Taxes	113	475
Net Income before Minority Interest	1,884	1,652
Minority Interests (Losses) in Income	6	(12)
Net Income	1,877	1,664

**(Consolidated statements of comprehensive income)**  
**(2nd quarter)**

(In million yen)

	2Q FY 2013 (April 1, 2012 – September 30, 2012)	2Q FY 2014 (April 1, 2013 – September 30, 2013)
Net Income before Minority Interest	1,884	1,652
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	(238)	293
Foreign currency translation adjustment	0	1,627
Total other comprehensive income	(238)	1,920
Quarterly Comprehensive Income	1,645	3,572
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	1,637	3,573
Comprehensive income attributable to minority interests	8	(0)

**(3) Consolidated Statement of Cash Flows**

	2Q FY 2013 (April 1, 2012 – September 30, 2012)	2Q FY 2014 (April 1, 2013 – September 30, 2013)
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	1,997	2,128
Depreciation	1,098	1,225
Amortization of goodwill	99	85
Change in provisions for doubtful accounts	(39)	(181)
Interest and dividend income	(57)	(65)
Interest expenses	334	323
Foreign exchange loss (gain)	70	114
Impairment losses	935	—
Loss from natural disaster	310	—
Loss (gain) in trade receivables	(1,328)	895
Loss (gain) in inventories	(466)	824
Gain (loss) in trade payables	221	(552)
Gain (loss) in other accounts payable	(351)	(153)
Increase (decrease) in advances received	(1,510)	147
Other operating cash flows	(1,607)	(399)
Subtotal	(293)	4,390
Interest and dividend income received	63	65
Interest expenses paid	(328)	(335)
Income taxes returned (paid)	(255)	(570)
Proceeds from insurance money received	1,285	—
Net cash provided by operating activities	471	3,549
<b>Cash Flows from Investing Activities</b>		
Increase in time deposits	(69)	(55)
Decrease in time deposits	708	—
Expenses for purchases of property, plant, and equipment	(2,328)	(1,711)
Proceeds from sale of property, plant, and equipment	37	143
Expenses for purchase of intangible assets	(123)	(355)
Expenses for purchase of investment securities	(1,001)	(0)
Proceeds from sale of investment securities	816	7
Expense for purchase of shares in subsidiaries and affiliates	(48)	(538)
Expenses for purchase of shares in subsidiaries resulting in a change in the scope of consolidation	(478)	—
Expenses for loans provided	(49)	(9)
Proceeds from loans collected	300	99
Other investing cash flows	(60)	58
Net cash used in investing activities	(2,296)	(2,362)

	2Q FY 2013 (April 1, 2012 – September 30, 2012)	2Q FY 2014 (April 1, 2013 – September 30, 2013)
<b>Cash Flows from Financing Activities</b>		
Change in short-term borrowings	(8,897)	(1,145)
Proceeds from long-term borrowings	5,500	9,240
Expenses for redemption of long-term borrowings	(2,560)	(6,574)
Expenses for redemption of bonds	(7)	(7)
Expenses for purchase of treasury shares	(0)	(0)
Cash dividends paid	(301)	(402)
Cash dividends paid to minority shareholders	(7)	(10)
Expenses for payment of finance lease obligations	(51)	(58)
Other financing cash flows	(30)	(27)
Net cash flows from financing activities	(6,356)	1,014
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(115)	(57)
Net Change in Cash and Cash Equivalents	(8,296)	2,144
Cash and Cash Equivalents, Beginning of Year	27,316	25,514
Increase in Cash and Cash Equivalents Due to Merger of Nonconsolidated Subsidiaries	—	1
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	—	425
Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation	(29)	(0)
Net Cash and Cash Equivalents, End of the 2nd Quarter	18,989	28,085

**(4) Notes concerning quarterly consolidated financial statements**

(Notes on premise of going concern)

No relevant category.

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

No significant changes.

(Segment information, etc.)

I. 2Q FY 2013 (from April 1, 2012 to September 30, 2012)

1. Information on sales and income (loss) amounts by reportable segment

(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	6,568	1,696	2,225	4,663	2,094	17,249	—	17,249	8,204
Inter-segment sales or transfers	4,570	1	12	2,270	4,762	11,617	(11,533)	84	49
Total	11,138	1,698	2,238	6,933	6,856	28,866	(11,533)	17,333	8,253
Segment income (loss)	1,264	228	124	228	296	2,142	85	2,228	1,067

  

	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	1,432	697	560	28,144	26	28,170	—	28,170	
Inter-segment sales or transfers	1	—	1,420	1,554	126	1,681	(1,681)	—	
Total	1,433	697	1,981	29,699	152	29,852	(1,681)	28,170	
Segment income (loss)	94	(157)	360	3,594	1	3,596	(997)	2,599	

- 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 ¥85 million includes ¥85 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 -¥997 million includes -¥80 million in eliminations of inter-segment transactions and -¥916 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.

Sodick Co., Ltd. (6143) / Summary of Financial Statements for the 2nd Quarter for Fiscal Year Ending March 31, 2014  
 2. Information on impairment losses on fixed assets and goodwill by reportable segment

(Impairment losses on fixed assets)

An impairment loss on fixed assets was recognized at the segment “Machine Tool Operations / Other Asia.”

Sodick (Thailand) Co., Ltd. suffered flood damages on buildings as a result of the flooding last fiscal year, for which the repair work concluded in the period under review. As a result of the flood damage, an appraisal found the value of the buildings below stated value, leading to an assessment as a candidate for impairment loss recognition.

Moreover, in order to diversify and mitigate the risk of flooding, Sodick (Thailand) Co., Ltd. acquired new facilities and built a new factory funded with insurance money received for facilities damaged by the flood that were subsequently scrapped. Additionally, personnel expenses are expected to rise from an increase in labor compensation. Since it is expected that earnings from business activities will decline as a result of such fixed-cost increases, the stated value of fixed assets of Sodick (Thailand) Co., Ltd. has been written down to the recoverable value, and the write-down amount has been recognized as an impairment loss in extraordinary losses. With respect to this impairment loss the amount recognized in the period under review is 931 million yen.

II. 2Q FY 2014 (from April 1, 2013 to September 30, 2013)

1. Information on sales and income (loss) amounts by reportable segment

(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	6,480	2,434	2,719	5,768	1,739	19,141	—	19,141	4,371
Inter-segment sales or transfers	4,560	2	22	1,967	6,049	12,603	(12,492)	110	37
Total	11,040	2,437	2,742	7,736	7,788	31,744	(12,492)	19,251	4,408
Segment income (loss)	1,486	391	121	357	(149)	2,208	(189)	2,018	418

	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	1,225	1,549	676	26,963	50	27,013	—	27,013	
Inter-segment sales or transfers	2	—	936	1,086	83	1,169	(1,169)	—	
Total	1,227	1,549	1,612	28,050	133	28,183	(1,169)	27,013	
Segment income (loss)	(69)	21	17	2,406	0	2,406	(918)	1,488	

- 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 -¥189 million includes -¥189 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 -¥918 million includes ¥122 million in eliminations of inter-segment transactions and -¥1,040 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.

2. Information on impairment loss of non-current assets and information on goodwill by reportable segment

(Material Changes in Goodwill Amount)

Related to the Machine Tool Business (North and South America) segment, dated June 25, 2013, the Company raised its equity interest in its consolidated subsidiary Sodick Holding Corporation to 100% through the acquisition of additional share capital.

As a result, consolidated goodwill in the period under review increased by ¥538 million.