

## Summary of Financial Statements for the Year Ended March 31, 2013 (J-GAAP) (Consolidated)

May 15, 2013

Company Name: Sodick Co., Ltd.

Stock Exchange: Tokyo Stock Exchange, 2nd Section

Code Number: 6143 URL: <http://www.sodick.co.jp>

Representative: Yuji Kaneko, Representative Director; President

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Scheduled date of annual general meeting of shareholders: June 27, 2013

Scheduled date of dividend payout: June 28, 2013

Scheduled date of filing of consolidated financial statements: June 27, 2013

Explanatory Documents Supplemental to the Abridged Financial Statements: Yes

Result Briefing: Yes (For Institutional Investors and Analysts)

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

### 1. Consolidated Results for the Year Ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

#### (1) Consolidated Financial Results

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY 2013	55,031	2.8	4,021	(26.8)	5,356	17.0	4,191	26.2
FY 2012	53,528	(1.3)	5,495	(1.8)	4,577	16.1	3,320	(35.0)

Note: Comprehensive Income: FY 2013 ¥7,000 million / 111.0% FY 2012 ¥3,317 million / -23.5%

	Net Income Per Share	Net Income Per Share After dilution	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	¥	¥	%	%	%
FY 2013	83.29	—	12.8	5.7	7.3
FY 2012	67.07	—	11.8	5.3	10.3

Reference: Equity in earnings (losses) of non-consolidated subsidiaries and affiliates:

FY 2013: ¥— million FY 2012: ¥— million

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	¥ Million	¥ Million	%	¥
FY 2013	95,041	36,033	37.9	715.26
FY 2012	92,993	29,718	31.9	589.28

Reference: Shareholders' Equity: FY 2013: ¥35,991 million FY 2012: ¥29,652 million

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of fiscal year
	¥ Million	¥ Million	¥ Million	¥ Million
FY 2013	2,766	(4,776)	(1,163)	25,514
FY 2012	9,245	(5,295)	6,809	27,316

### 2. Cash Dividends

	Annual Dividend					Total cash dividend paid (annual)	Payout ratio (consolidated)	Ratio of dividend paid to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total			
	Yen	Yen	Yen	Yen	Yen	¥ Million	%	%
FY 2012	—	5.00	—	6.00	11.00	549	16.4	2.0
FY 2013	—	6.00	—	8.00	14.00	704	16.8	2.1
FY 2014 (forecast)	—	7.00	—	7.00	14.00		22.0	

### 3. Forecast for the Year Ending March 31, 2014 (from April 1, 2013, to March 31, 2014)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Six months to September 30, 2013	28,000	(0.6)	2,200	(15.4)	1,900	(0.3)	1,500	(20.1)	29.81
Year to March 31, 2014	57,000	3.6	4,600	14.4	4,100	(23.5)	3,200	(23.7)	63.59

#### 4. Other Information

- (1) Changes in important subsidiaries during the term under review (change in the scope of consolidation due to change in specified subsidiaries): No

Newly added: — (Company name: )  
 Removed: — (Company name: )

- (2) Changes in accounting principles, procedures and method of presentation:

1) Changes due to the revision of Financial Accounting Standards: Yes  
 2) Other changes: None

Note: For details, see p.19, "Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements".

- (3) Number of shares issued and outstanding (shares of common stock)

1) Shares issued and outstanding as of the balance sheet date (including treasury shares)	FY 2013	53,432,510 shares	FY 2012	53,432,510 shares
2) Number of treasury shares as of the balance sheet date	FY 2013	3,113,112 shares	FY 2012	3,112,581 shares
3) Average number of shares outstanding during the period	FY 2013	50,319,710 shares	FY 2012	49,513,435 shares

#### (Reference) Summary of Non-Consolidated Results

##### 1. Non-Consolidated Results for the Year Ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

##### (1) Consolidated Financial Results

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY 2013	32,181	58.8	1,479	(22.5)	2,616	94.4	2,356	206.3
FY 2012	20,268	(7.9)	1,910	(22.9)	1,345	(60.5)	769	(84.4)

	Net Income Per Share	Net Income Per Share After Dilution
	¥	¥
FY 2013	46.82	—
FY 2012	15.54	—

##### (2) Non-consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio		Net Assets Per Share	
	¥ Million		¥ Million		%		¥	
FY 2013	78,487		32,183		41.0		639.59	
FY 2012	66,750		30,305		45.4		601.79	

Reference: Shareholders' Equity: FY 2013: ¥32,183 million FY 2012: ¥30,281 million

##### \* Implementation of audit procedures

This summary of financial statements is not subject to audit procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this summary of financial statements, the audit procedures of financial statements are in progress.

##### \* Cautionary statement with respect to forward-looking statements

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. For the underlying assumptions and usage of earnings projections, refer to "(5) Outlook for the next fiscal year" in "1. Management's discussion and analysis of financial condition and results of operations" on page 4.

## 1. Management's discussion and analysis of financial condition and results of operations

### (1) Management Discussion and Analysis

In the period under review, the Japanese economy continuously saw pressure on employment but corporate capital expenditure stopped declining and manufacturing activity displayed signs of recovery. Moreover, economic activity improved markedly towards the end of the fiscal year as heightened expectations after the change of government at the end of 2012 caused the yen to depreciate and the share prices to rise. In overseas, the U.S. economy continued in its moderately paced recovery. In Europe, the smoldering debt crisis appears to have left the worst behind despite the emergence of financial problems in Cyprus. Also in China economic activity showed signs of bottoming out after the decline under way since the first half of the fiscal year.

Under this environment, the Group took steps to raise the efficiency of its management resources and to increase the speed of management. To this end, the Company absorbed Sodick Plustech Co., Ltd. in a merger dated July 1, 2012, and embarked on a restructuring of its organization across the dividing lines between business segments. In manufacturing, the Group started full operations at its plant in Thailand, newly constructed as part of the rebuilding plan after the flooding in Thailand two years ago, and initiated the global restructuring of the Group's production frameworks. Sales and marketing were reinforced through a local sales company newly established in Vietnam. The country is seen as a growing key market for machine tools and industrial machinery in Southeast Asia, thanks to its high density of production sites for a wide range of electrical appliances and automotive products. Additionally, the Group participated with exhibits and engaged in proactive campaigns at trade shows around the world, specifically at the IMTS2012 hosted in the U.S. as the world's biggest machine tool exhibition and at the JIMTOF2012 hosted in Japan.

Based on these developments, consolidated sales rose ¥1,503 million (+2.8%) compared with previous fiscal year to ¥55,031 million. In earnings, operating income fell ¥1,474 million (-26.8%) compared with previous fiscal year to ¥4,021 million, ordinary income rose ¥778 million (+17.0%) compared with previous fiscal year to ¥5,356 million, partly due to foreign exchange gains from the rapid depreciation of the yen towards the end of the fiscal year, and net income rose ¥870 million (+26.2%) compared with previous fiscal year to ¥4,191 million.

### (2) Analysis of Financial Position

#### 1) Assets, Liabilities, and Net Assets

Compared with the previous fiscal year, consolidated assets as of the end of the term under review increased ¥2,047 million to ¥95,041 million. Main factors included an increase in inventory assets due to the transition to a new type of electric discharge machines, a major product line of the Company, an increase in non-current assets due to the newly built plant in Thailand and capital investment at the Xiamen plant, and an increase in yen equivalent of foreign denominated assets due to the depreciation of the yen primarily against the major currencies, specifically the U.S. dollar and the euro, towards the end of the previous fiscal year.

Consolidated liabilities compared with the end of the previous fiscal year decreased ¥4,268 million to ¥59,007 million. Main factors were ¥2,379 million lower trade notes and accounts payable and ¥2,304 million lower advances received.

Net assets rose ¥6,315 million compared with previous fiscal year to ¥36,033 million due to the accounting recognition of a ¥4,191 million net income for the period. As a result of the foregoing, the equity ratio came to 37.9%.

#### 2) Cash Flows

Due to the following changes in cash flow, consolidated cash and cash equivalents ("Cash") at the end of the period under review totaled ¥25,514 million, which was ¥1,801 million (-6.6%) lower than at the end of the previous fiscal year.

Consolidated cash flows for the period under review and their respective factors were as follows.

##### (Operating cash flows)

Net cash provided by operating activities was ¥2,766 million (compared with ¥9,245 million a year ago). The cash flow was boosted by ¥5,170 million in net income before income taxes and other adjustments, ¥2,957 million in insurance such as those from damage caused by the floods in Thailand. This was partially offset by a ¥3,424 million decrease in notes and accounts payable-trade and a ¥1,232 million increase in inventories.

##### (Investing cash flows)

Net cash used in investing activities was ¥4,776 million (compared with ¥5,295 million used in investing activities a year ago). This was mainly due to ¥4,713 million expenses for property, plant, and equipment.

##### (Financing cash flows)

Net cash used in financing activities was ¥1,163 million (compared with ¥6,809 million a year ago). This was mainly due to ¥11,030 million decrease in short-term loans (as a result of shifting it to long-term loans for financial strategic reason), ¥7,336 million expenses as a repayment of long-term loans, and ¥18,000 million incomes from long term loans.

Trends in cash flow indicators of Sodick Group are shown below.

	FY 2010	FY 2011	FY 2012	FY 2013
Equity ratio (%)	30.6	33.3	31.9	37.9
Equity ratio based on market capitalization (%)	24.0	28.2	24.5	29.9
Ratio of cash flow to interest-bearing debt (years)	4.9	10.4	4.5	15.0
Interest coverage ratio (times)	12.2	5.9	14.4	4.3

Note: Equity ratio = Shareholders' equity / total assets

Equity ratio (%) based on market capitalization = Market capitalization / total assets

Ratio of cash flow to interest-bearing debt (years) = Interest-bearing debt / operating cash flow

Interest coverage ratio = Operating cash flow / interest paid

\* All values are calculated based on consolidated financial data.

\* Market capitalization is calculated by multiplying the fiscal year-end closing price of the Company's shares with the number of shares outstanding (less treasury stock) at fiscal year-end.

\* Interest-bearing liabilities mean all liabilities on the consolidated balance sheet on which interest is being paid.

\* Operating cash flow and interest paid respectively refer to operating cash flow and interest paid as recorded on the consolidated statement of cash flows.

(3) Basic dividend policy and dividends for the current and following fiscal years

It has been the basic policy of the Company to pay stable and sustained dividends on shareholders valuable share capital while ensuring earnings retention for future business development and strengthening of the Company's capital structure. Based on this policy, the Company aims to pay income returns to shareholders reflecting a dividend-on-equity ratio (DOE) of 2% or higher, based on a comprehensive judgment of financial results and cash flows in the subject fiscal year.

Earnings retentions will be applied effectively from a long-term perspective to R&D activities and capital investments with a view to continuously improve financial results. Taking into account fundamental policies and financial results, a total annual dividend of ¥14.0 per share is planned, with a per-share year-end dividend of ¥8.0 and a per-share interim dividend of ¥6.0.

For the next fiscal year, interim and year-end dividends of ¥7.0 each are planned, for total annual dividends of ¥14.0 per share.

(5) Outlook for the next fiscal year

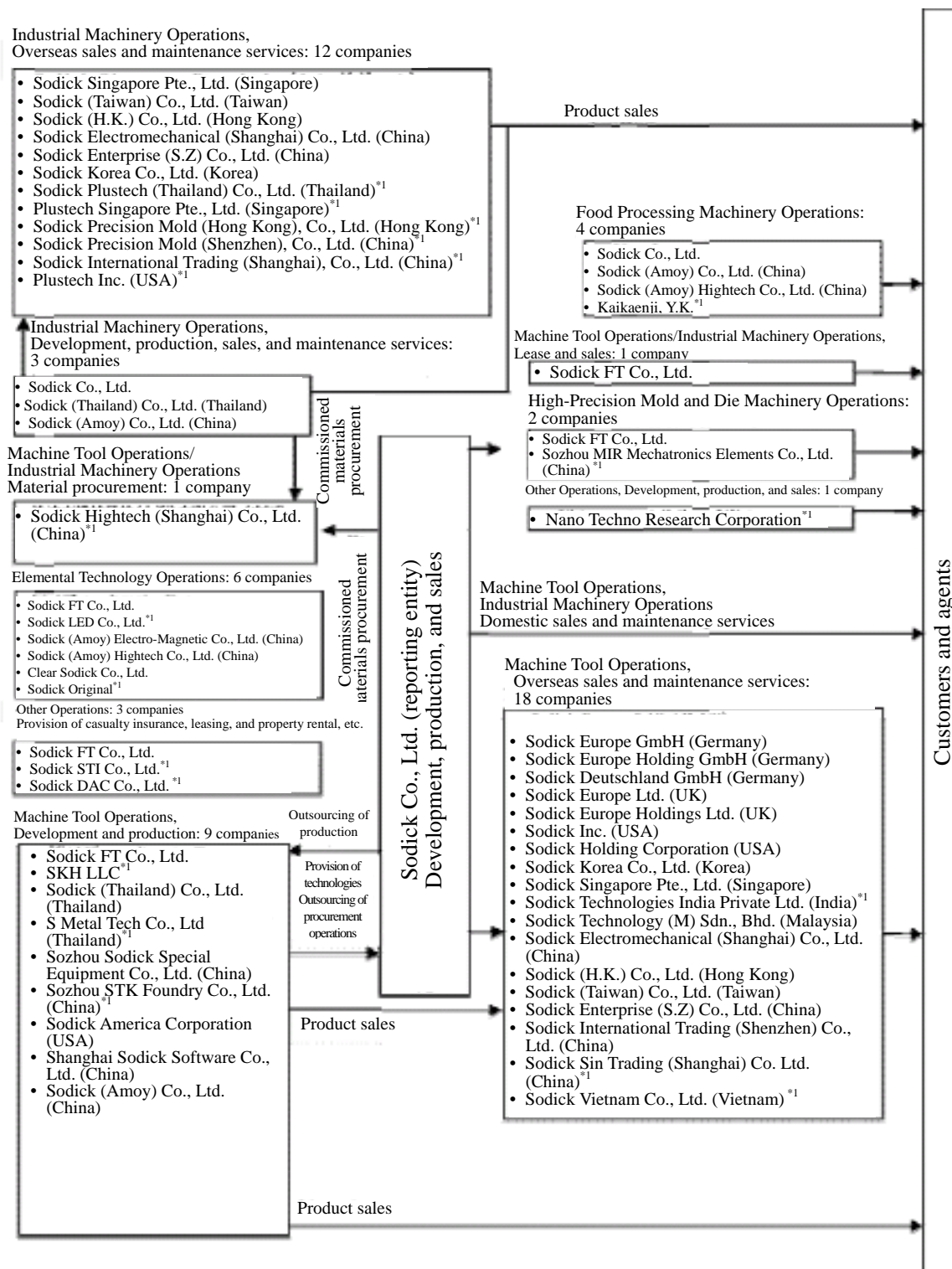
As to the outlook, demands for the economic recovery after the Great East Japan Earthquake and improvement in the business sentiment in the light of the economic policy program of the Abe administration are expected in domestic realm. Overseas, the U.S. economy is expected to recover steadily. The same is true for the European economy now that the financial crisis is out of the worst. Also the Asian economic region with China at the center is seen to maintain steady growth. However, while demand can be expected to recover, the concern is that Group earnings could be adversely affected if the yen continues to depreciate, due to the Group's significant overseas production and parts procurement.

Group results forecasts for the fiscal year to March 2014 are for consolidated sales of ¥57,000 million (+3.6%), consolidated operating income of ¥4,600 million (+14.4%), consolidated ordinary income of ¥4,100 million (-23.5%), and consolidated net income of ¥3,200 million (-23.7%). The above results forecasts are based on assumed average foreign exchange rates during the fiscal year of JPY94/USD1.0 and JPY121/EUR1.0.

Note: The above forecasts are based on currently available information and involve known and unknown uncertainties and risks. Actual results may differ from the forecasts discussed above.

## 2. Corporate Group

The operations of the Group consists of (i) Machine Tool Operations engaged in the development, production, and sales of NC electric discharge machining tools and machining centers, etc.; (ii) Industrial Machinery Operations engaged in the development, production, and sales of injection molding machinery, etc., (iii) High-Precision Mold and Die Machinery Operations engaged in the development, production, and sales of synthetic resin products, etc.; (iv) Food Processing Machinery Operations engaged in the development, production, and sales of noodle production plants and noodle production equipment, etc., (v) Elemental Technology Operations engaged in the development, production, and sales of linear motor application products, integrated production systems for dies and mold, ceramics products and control equipment for the products, and LED lighting, etc., and (vi) Other operations engaged in the leasing of electric discharge machines, etc., all of which are organically bonded and cooperating to contribute to Group business. The Company and its affiliates relate largely as follows to these individual operations.



Unmarked = Consolidated subsidiaries  
 \*1 = Non-consolidated subsidiaries  
 \*2 = Affiliates not included under the equity method

### 3. Management Policies

#### (1) Basic Management Policies

Helping customers with their production technologies has been a basic policy of Sodick Group, whose corporate name combines the Japanese words for creation, implementation, and overcoming resistance. Under these principles, acquiring customers' confidence by finding together with customers solutions for challenging manufacturing problems is what the Group considers most important for the continuous development of its operations. By concentrating the valuable experience accumulated until today and developing new technologies and products, the Group has been able to identify a wealth of business opportunities. While preserving this corporate philosophy, we will continue at the group-level to develop products that stand out for their technological predominance and contribute to customers' objectives, in the expectation that these efforts will connect to strengthening the earning power of the Group.

#### (2) Target Management Indicators

The Company prioritizes medium and long-term income profit returns to shareholders as well as strengthening its capital structure, and has selected the ratio of consolidated ordinary income and the debt-to-equity ratio as management indicators on which these priorities are predicated. In this consolidated fiscal year, the consolidated operating income ratio was 9.7 % and debt-to-equity ratio was 1.2 times, missing the targets for these management metrics. Through measures such as bringing in a new accounting system to increase cash management efficiency at the Group-level, efforts will be made to attain the target values at an early stage.

Category	Numerical target
Ratio of consolidated ordinary income	10% or higher
Debt to equity ratio	1.0 or less

#### (3) Medium-term and long-term management strategies

The Sodick Group's field of operations comprises a variety of business activities related to manufacturing, such as NC electric discharge machining tools, a field dating back to the founding of the Company, CAD/CAM systems for designing metal dies and molds, machining centers, and injection molding machines; further, for use with this machinery and equipment of the Company, operations for the production of precision mold and dies and molded plastic items; and operations for external sales of machinery and equipment applications that employ technologies developed for the manufacture of the Group's products such as fine-ceramics components and linear motors.

The Group under its concept of "Creating the Future" will further strengthen its earning power by maintaining the capability to consistently provide capital goods needed by customers for their production based on the application of core technologies accumulated by the Group in supporting customers' manufacture, and by optimizing management resources through reorganization measures. Moreover, in order to realize medium-term and long-term growth, we will develop a medium-term and long-term business plan and work to enhance its business basis.

Next to Machine Tool Operations and Industrial Machinery Operations, as a business field the Group has been emphasizing Food Processing Machinery Operations. Demand for food processing machinery in the domestic market is less likely to be swayed by the economic cycle than Machine Tool Operations and Industrial Machinery Operations. In addition, overseas markets offer huge growth potential for Food Processing Machinery Operations given China's enormous population and rich culinary culture, among other factors. As with electric discharge machining tools, going forward, the Group aims to become a leading company also in the industry for food processing machinery and expand its business operations.

The field of environment-friendly products is rapidly growing as people become more environmentally conscious, and in this field, the Group will launch a business related to LED lighting, which places a small burden on the environment. In such ways, the Group will strive to reinforce its profitability by appropriately responding to changes in the market environment.

As for its production system, the Great East Japan Earthquake and the flooding in Thailand caused damage to numerous plants and made it difficult to continue business; therefore, the Group will re-examine and restructure its production system to withstand disasters, such as taking measures to decentralize risks.

#### (4) Issues to be addressed

Issues to be addressed by Sodick Group are discussed below.

##### <Dealing with Economic Fluctuations>

Financial results Business performance in the machine tool industry and industrial machinery manufacturer is said to be easily swayed by the direction of capital investment in the manufacturing sector. To ensure continued future growth, it is necessary for Sodick Group to create a product structure resilient to trends in regional economies by accurately identifying current conditions in individual markets around the globe and by launching product groups consistent with these markets. Moreover, with regard to product structure, by acquiring yet wider customer strata through market launches of new products that constantly apply the most advanced technology derived from relentless research and development, the Company aims to create a stable earnings structure that is not easily affected by the ups and downs of individual industry sectors and regional economic trends.

##### <Addressing New Markets>

Ahead of competitors, Sodick Group has upgraded and expanded its production and development bases and sales offices in the growing markets of Southeast Asia and China. This has earned the Group high market shares in these regions matching the Group's market shares in Japan. However, emerging economies (i.e., BRICS and VISTA countries) have in recent years come to prominence also in the world of manufacturing, prompting machine tool manufacturers to proactively establish sales subsidiaries in India, Brazil, Russia, and Eastern Europe, and strengthen support for sales agencies. The Group will continue to closely watch market

developments and take appropriate action.

<Lowering Input Costs>

In manufacturing, the Group has been reviewing its production systems, including staff deployment, and at the same time promoted new product launches to address customer needs in the areas of automation and increased speed. To reduce input costs, we will continue to review planning and promote in-house production and standardization for key components, while input cost management to be tightened such as by optimizing the inventories, reviewing the production process, and establishing the international procurement routes which enables flexible responses to change in market environments.

<Financial Position>

As of March 31, 2013, interest-bearing debt of Sodick Group totaled approximately ¥41,506 million. With the debt-to-equity ratio in the year period failing to fall below the target of 1.0 times, management will remain focused on the financial position. Various measures will be implemented going forward, including reducing interest-bearing debt, in order to expedite a robust financial strength enabling continuing income returns to shareholders.

**4. Consolidated financial statements****(1) Consolidated Balance Sheets**

(In million yen)

	FY 2012 (As of March 31, 2012)		FY 2013 (As of March 31, 2013)	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and deposits	*3	28,034	*3	25,533
Notes and accounts receivable – trade	*11	12,725	*11	12,927
Claims to receivables from installment sales		19		5
Commodity and merchandise		5,325		5,554
Work-in-process		4,905		6,097
Raw materials and inventory		8,706		9,724
Deferred tax assets		828		889
Other current assets		3,185		2,154
Allowance for doubtful accounts		(193)		(198)
<b>Total Current Assets</b>		<b>63,536</b>		<b>62,688</b>
<b>Fixed Assets</b>				
<b>Tangible Fixed Assets</b>				
Buildings and structures	*3	18,804	*3	19,114
Machinery, equipment and vehicles		11,727		13,347
Tools, fixtures and equipment		2,690		2,695
Land	*3	6,816	*3	6,937
Lease assets		915		556
Construction in progress		589		948
Accumulated depreciation		(19,134)		(20,142)
<b>Total tangible fixed assets</b>		<b>22,408</b>		<b>23,458</b>
<b>Intangible Fixed Assets</b>				
Goodwill		2,632		2,433
Other intangible fixed assets		894		1,150
<b>Total intangible fixed assets</b>		<b>3,527</b>		<b>3,583</b>
<b>Investments and other assets</b>				
Investment securities	*4	2,593	*4	3,199
Long-term loans receivable		303		307
Other assets	*3, 4	983	*4	2,140
Allowance for doubtful accounts		(358)		(337)
<b>Total investments and other assets</b>		<b>3,521</b>		<b>5,310</b>
<b>Total Fixed Assets</b>		<b>29,456</b>		<b>32,352</b>
<b>Total Assets</b>		<b>92,993</b>		<b>95,041</b>



(In million yen)

	FY 2012 (As of March 31, 2012)		FY 2013 (As of March 31, 2013)	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Notes and accounts payable – trade	*11	10,888	*11	8,508
Short-term loans payable	*3, 8, 10	16,083	*3, 8, 10	5,604
Long-term borrowings redeemable within one year	*3, 6, 7, 9	6,132	*3, 6, 7, 9	10,017
Bonds redeemable within one year	*3	14		14
Accounts payable – other		1,644		1,652
Income taxes payable		225		460
Provision for product warranties		247		266
Provisions for quality warranties		7		6
Provision for bonuses		465		544
Provision for point card certificates		1		16
Other current liabilities		6,188		3,828
Total current liabilities		41,899		30,919
<b>Fixed Liabilities</b>				
Corporate bonds	*3	44		30
Long-term loans payable	*3, 6, 7, 9	19,065	*3, 6, 7, 9	25,840
Provision for retirement benefits		1,047		892
Provision for directors' retirement benefits		31		38
Provision for product warranties		89		140
Provision for loss on guarantees		14		—
Asset retirement obligations		220		224
Other fixed liabilities		862		921
Total fixed liabilities		21,376		28,088
Total Liabilities		63,275		59,007
<b>Net Assets</b>				
<b>Shareholders' Equity</b>				
Capital stock		20,775		20,775
Capital surplus		5,879		5,879
Retained earnings		6,891		10,435
Treasury stock		(1,694)		(1,695)
Total shareholders' equity		31,851		35,395
<b>Accumulated Other Comprehensive Income</b>				
Unrealized gain (loss) on available-for-sale securities		206		400
Foreign currency translation adjustment		(2,405)		195
Total accumulated other comprehensive income		(2,198)		595
Subscription rights to shares		23		—
Minority interests		41		42
Total Net Assets		29,718		36,033
Total Liabilities and Net Assets		92,993		95,041

(2) Statements of Income and Statement of Comprehensive Income  
(Statements of Income)

(In million yen)

	FY 2012 (April 1, 2011 – March 31, 2012)		FY 2013 (April 1, 2012 – March 31, 2013)	
Net Sales		53,528		55,031
Cost of Sales	*1, 3	35,957	*1, 3	38,296
Gross Profit		17,570		16,734
Reversal of Unrealized Income on Installment Sales		6		5
Gross Profit after Income Deferrals		17,576		16,740
Selling, General and Administrative Expenses				
Personnel expenses	*2	5,077	*2	5,315
Reversal of allowance for loan losses		33		(25)
Amortization of goodwill		166		199
Others	*3	6,802	*3	7,230
Total selling, general and administrative expenses		12,080		12,719
Operating Income		5,495		4,021
Non-Operating Income				
Interest income		61		72
Dividends income		48		36
Exchange gain		—		1,713
Gain on sales of scraps		77		62
Other non-operating income		258		203
Total non-operating income		446		2,089
Non-Operating Expenses				
Interest expenses		642		639
Foreign exchange loss		370		—
Syndicate loan expenses		212		—
Other non-operating expenses		139		115
Total non-operating expenses		1,364		754
Ordinary Income		4,577		5,356
Extraordinary Income				
Gain on sales of fixed assets	*4	36	*4	27
Gain on sales of investment securities		—		8
Proceeds from insurance money received	*8	2,590	*8	*2,957
Other extraordinary income		23		90
Total Extraordinary Income		2,649		3,083
Extraordinary Loss				
Loss on sales of fixed assets	*5	20	*5	2
Loss on retirement of fixed assets	*6	60	*6	112
Loss from revaluation of investment securities		38		147
Impairment loss	*7	29	*7	2,487
Loss from natural disaster	*8	2,598	*8	484
Other extraordinary loss		6		33
Total extraordinary loss		2,753		3,268
Net Income before Income Taxes		4,473		5,170
Current Income Taxes		703		1,003
Deferred Income Taxes		519		(31)
Total Income Taxes		1,223		972
Net Income before Minority Interest		3,250		4,198
Minority Interests in Income (Loss)		(70)		7
Net Income		3,320		4,191

## (Statement of Comprehensive Income)

	FY 2012 (April 1, 2011 – March 31, 2012)	FY 2013 (April 1, 2012 – March 31, 2013)
Net Income before Minority Interest	3,250	4,198
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	178	193
Foreign currency translation adjustment	(111)	2,608
Total other comprehensive income (loss)	67	2,801
Comprehensive Income	3,317	7,000
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,371	6,985
Comprehensive income attributable to minority interest	(53)	14

## (3) Consolidated Statement of Change in Shareholders' Equity

(In million yen)

	FY 2012 (April 1, 2011 – March 31, 2012)	FY 2013 (April 1, 2012 – March 31, 2013)
<b>Shareholders' Equity</b>		
Capital stock		
Balance at beginning of current fiscal year	20,775	20,775
Balance at end of current fiscal year	20,775	20,775
Capital surplus		
Balance at beginning of current fiscal year	5,879	5,879
Changes during the current fiscal year		
Disposition of treasury stock	(74)	—
Transfer to other capital surplus from legal capital surplus	74	—
Total changes during the current fiscal year	—	—
Balance at end of current fiscal year	5,879	5,879
Retained earnings		
Balance at beginning of current fiscal year	4,181	6,891
Changes during the current fiscal year		
Transfer to other capital surplus from legal capital surplus	(74)	—
Dividends of surplus	(544)	(603)
Reserve for the awards and welfare fund for employees of foreign subsidiaries	(41)	(35)
Net income	3,320	4,191
Changes in scope of consolidation	49	(7)
Total changes during the current fiscal year	2,709	3,544
Balance at end of current fiscal year	6,891	10,435
Treasury stock		
Balance at beginning of current fiscal year	(2,135)	(1,694)
Changes during the current fiscal year		
Purchase of treasury stock	(0)	(0)
Disposition of treasury stock	440	—
Total changes during the current fiscal year	440	(0)
Balance at end of current fiscal year	(1,694)	(1,695)
<b>Total shareholders' equity</b>		
Balance at beginning of current fiscal year	28,701	31,851
Changes during the current fiscal year		
Dividends of surplus	(544)	(603)
Reserve for the awards and welfare fund for employees of foreign subsidiaries	(41)	(35)
Net income	3,320	4,191
Changes in scope of consolidation	49	(7)
Acquisition of treasury stock	(0)	(0)
Disposition of treasury stock	366	—
Total changes during the current fiscal year	3,149	3,544
Balance at end of current fiscal year	31,851	35,395

(In million yen)

	FY 2012 (April 1, 2011 – March 31, 2012)	FY 2013 (April 1, 2012 – March 31, 2013)
<b>Accumulated Other Comprehensive Income</b>		
Unrealized gain (loss) on available-for-sale securities		
Balance at beginning of current fiscal year	27	206
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	179	193
Total changes during the current fiscal year	179	193
Balance at end of current fiscal year	206	400
Foreign currency translation adjustment		
Balance at beginning of current fiscal year	(2,277)	(2,405)
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	(128)	2,600
Total changes during the current fiscal year	(128)	2,600
Balance at end of current fiscal year	(2,405)	195
Total accumulated other comprehensive income		
Balance at beginning of current fiscal year	(2,249)	(2,198)
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	51	2,794
Total changes during the current fiscal year	51	2,794
Balance at end of current fiscal year	(2,198)	595
Subscription Rights to Shares		
Balance at beginning of current fiscal year	23	23
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	—	(23)
Total changes during the current fiscal year	—	(23)
Balance at end of current fiscal year	23	—
Minority Interests		
Balance at beginning of current fiscal year	1,682	41
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	(1,640)	0
Total changes during the current fiscal year	(1,640)	0
Balance at end of current fiscal year	41	42
Total Net Assets		
Balance at beginning of current fiscal year	28,158	29,718
Changes during the current fiscal year		
Dividends of surplus	(544)	(603)
Reserve for the awards and welfare fund for employees of foreign subsidiaries	(41)	(35)
Net gain	3,320	4,191
Change in scope of consolidation	49	(7)
Acquisition of treasury stock	(0)	(0)
Disposition of treasury stock	366	—
Net change during the current fiscal year in items other than shareholders' equity	(1,589)	2,771
Total changes during the current fiscal year	1,560	6,315
Balance at end of current fiscal year	29,718	36,033

## (4) Consolidated Statement of Cash Flows

(In million yen)

	FY 2012 (April 1, 2011 – March 31, 2012)	FY 2013 (April 1, 2012 – March 31, 2013)
<b>Cash Flows from Operating Activities</b>		
Gain (loss) before income taxes	4,473	5,170
Depreciation	2,121	2,204
Amortization of goodwill	166	199
Change in provisions for doubtful accounts	(271)	(38)
Interest and dividend income	(109)	(109)
Interest expenses	642	639
Foreign exchange loss (gain)	97	(793)
Loss (gain) on sales and valuation of investment securities	47	170
Loss (gain) on sale and retirement of fixed assets	44	87
Impairment loss	29	2,487
Loss from natural disaster	2,598	484
Loss (gain) in trade receivables	1,288	741
Loss (gain) in inventories	(3,189)	(1,232)
Gain (loss) in trade payables	1,082	(3,424)
Gain (loss) in other accounts payable	(51)	(305)
Increase (decrease) in advances received	1,921	(2,441)
Other operating cash flows	(3,177)	(2,734)
<b>Subtotal</b>	<b>7,713</b>	<b>1,107</b>
Interest and dividend income received	103	115
Interest expenses paid	(641)	(638)
Income taxes returned (paid)	(519)	(774)
Proceeds from insurance money received	2,590	2,957
<b>Net cash provided by operating activities</b>	<b>9,245</b>	<b>2,766</b>
<b>Cash Flows from Investing Activities</b>		
Increase in time deposits	(711)	(78)
Decrease in time deposits	—	775
Expenses for purchases of property, plant, and equipment	(2,498)	(4,713)
Proceeds from sale of property, plant, and equipment	183	51
Expenses for purchase of intangible assets	(229)	(393)
Expenses for purchase of investment securities	(804)	(1,001)
Proceeds from sale of investment securities	12	825
Expense for purchase of shares in subsidiaries and affiliates	(2,244)	(128)
Expenses for the acquisition of subsidiary stocks due to a change in the scope of consolidation	—	(475)
Expenses for loans provided	(42)	(64)
Proceeds from loans collected	968	382
Other investing cash flows	70	43
<b>Net cash used in investing activities</b>	<b>(5,295)</b>	<b>(4,776)</b>

(In million yen)

	FY 2012 (April 1, 2011 – March 31, 2012)	FY 2013 (April 1, 2012 – March 31, 2013)
<b>Cash Flows from Financing Activities</b>		
Change in short-term borrowings	4,084	(11,030)
Proceeds from long-term borrowings	8,942	18,000
Expenses for redemption of long-term borrowings	(4,376)	(7,336)
Expenses for redemption of bonds	(734)	(14)
Expenses for payment of finance lease obligations	(247)	(101)
Cash dividends paid	(544)	(603)
Cash dividends paid to minority shareholders	(96)	(7)
Other financing cash flows	(218)	(68)
Net cash used in financing activities	6,809	(1,163)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(95)	1,400
Net Change in Cash and Cash Equivalents	10,664	(1,772)
Cash and Cash Equivalents, Beginning of Year	16,615	27,316
Increase in Cash and Cash Equivalents from Newly Consolidated or Merger of Subsidiaries	36	—
Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation	—	(29)
Net Cash and Cash Equivalents, End of Year	*1 27,316	*1 25,514

**(Segment Information)**

## Segment information

## 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 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. Method of computation of net sales, income or loss, assets, liabilities, and other items by reportable segments

The accounting treatment applicable to reported business segment information corresponds to the descriptions in the “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.

Income in the segment information section is based on operating income.

Sales between segments were determined using prices paid by third parties as reference.

## 3. Information by reportable segment on sales and income amounts

Fiscal Year Ended March 31, 2013 (from April 1, 2012, to March 31, 2013)

(In million yen)

	Reportable Segment									
	Machine Tool Operations							Adjustment amount (Note 2)	Machine Tool Operations Total	Industrial Machinery Operations
	Japan (Note 1)	North and South America	Europe	Greater China	Other Asia	Total				
Net Sales										
Sales to outside customers	13,433	3,855	4,906	10,708	4,137	37,040	—	37,040	12,221	
Inter-segment sales or transfers	9,596	8	29	4,572	9,634	23,841	(23,703)	138	75	
Total	23,029	3,863	4,935	15,281	13,771	60,882	(23,703)	37,178	12,297	
Segment income (loss)	2,200	556	199	929	363	4,249	(106)	4,143	1,405	
Segment assets	41,766	2,935	3,447	15,756	14,210	78,116	(26,471)	51,644	11,162	
Other										
Depreciation	641	6	6	380	364	1,399	(2)	1,396	301	
Amortization of goodwill	75	1	(7)	(6)	—	—	—	62	26	
Impairment loss	460	—	—	—	2,023	—	—	2,483	—	
Increase in tangible fixed assets and intangible fixed assets	780	8	15	339	3,459	4,604	(450)	4,153	74	



	Reportable Segment				Others (Note 3)	Total	Adjustment amount (Note 4, 5, 6, 7)	Amount stated on the consolidated statement of income for the quarter (Note 8)
	High-precision Mold and Die Machinery Operations	Food Processing Machinery Operations	Elemental Technology Operations	Reportable Segment Total				
Net Sales								
Sales to outside customers	2,573	1,809	1,306	54,952	79	55,031	—	55,031
Inter-segment sales or transfers	8	—	2,633	2,856	174	3,030	(3,030)	—
Total	2,582	1,809	3,940	57,808	254	58,062	(3,030)	55,031
Segment income (loss)	59	(244)	672	6,035	(5)	6,030	(2,009)	4,021
Segment assets	3,429	2,422	3,899	72,559	606	73,166	21,874	95,041
Other								
Depreciation	128	46	174	2,047	13	2,060	144	2,204
Amortization of goodwill	11	90	7	199	—	199	—	199
Impairment loss	—	3	—	2,487	—	2,487	0	2,487
Increase in tangible fixed assets and intangible fixed assets	648	21	78	4,975	1	4,977	482	5,460

- 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 -¥106 million for the category "Machine Tool Operations" includes -¥106 million in eliminations of inter-segment transactions. The segment assets adjustment amount of -¥26,471 million and adjustment amount of -¥450 million for increase in tangible fixed assets and intangible fixed assets for the category "Machine Tool Operations" consists of 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 -¥2,009 million includes -¥6 million in eliminations of inter-segment transactions and -¥2,002 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 assets adjustment amount ¥21,874 million includes the group assets ¥22,116 not attributable to each reportable segment and -¥242 million in eliminations of inter-segment transactions. The group assets consist mainly of the assets of head office functions not attributable to reportable segments.
  6. Depreciation adjustment amount of ¥144 million for the category "Others" consist mainly of group's depreciation of ¥144 million not attributable to each reportable segment.
  7. The increase in tangible fixed assets and intangible fixed assets adjustment amount of ¥482 million for the category "Others" consists mainly of the increase in group's tangible fixed assets and intangible fixed assets not attributable to each reportable segment.
  8. The segment income has been reconciled with the operating income stated on the consolidated statement of income for the fiscal year.

**Per-Share Information**

Year Ended March 31, 2012 (from April 1, 2011, to March 31, 2012)		Year Ended March 31, 2013 (from April 1, 2012, to March 31, 2013)	
Net assets per share (yen)	589.28	Net assets per share (yen)	715.26
Net income per share (yen)	67.07	Net income per share (yen)	83.29

- Note: 1. Net income per share after dilution of Year Ended March 31, 2012 has been omitted as the Company has issued no dilutive instruments.
2. Net income per share after dilution of Year Ended March 31, 2013 has been omitted as the stock options lapsed after the expiration of the exercise period on August 31, 2012.
3. The basis of calculation for net income per share and net loss per share, respectively for the period, is as follows.

	Year Ended March 31, 2012 (from April 1, 2011, to March 31, 2012)	Year Ended March 31, 2013 (from April 1, 2012, to March 31, 2013)
Net Income (¥ million)	3,320	4,191
Portion not attributable to shares of common stock (¥ million)	—	—
Net income attributable to shares of common stock (¥ million)	3,320	4,191
Average number of shares outstanding during the period (thousand shares)	49,513	50,319
Outline of share equivalents which due to the absence of dilutive effects are not included in the calculation of diluted per-share earnings.	Stock options in the form of share subscription rights issued pursuant to resolution of the ordinary general meeting of shareholders held on June 28, 2007 (Number of shares: 129 thousand).	—

(Material subsequent events)

There are no items to report.