

## Summary of Financial Statements (J-GAAP) (Consolidated)

August 8, 2014

Company Name: Sodick Co., Ltd.

Stock Exchange: Tokyo Stock Exchange, 2nd Section

Code Number: 6143

URL: <http://www.sodick.co.jp>

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Scheduled date of filing Quarterly Securities Report : August 8, 2014

Scheduled commencement date of dividend payout : —

Quarterly earnings supplementary explanatory documents : None

Quarterly earnings presentation : None

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

### 1. Consolidated Results for the 1st Quarter 2015 (from April 1, 2014 to June 30, 2014)

(1) Consolidated financial results (for 3 months) (Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	\ Million	%	\ Million	%	\ Million	%	\ Million	%
1Q FY 2015	12,093	(9.5)	530	(19.7)	223	(82.2)	168	(85.2)
1Q FY 2014	13,357	(3.5)	660	(51.6)	1,256	43.2	1,133	14.2

Note: Comprehensive Income: 1Q FY 2014: -\538 million (—%) 1Q FY 2014: \2,451 million (116.3%)

	Net income per share	Net income per share after dilution
1Q FY 2015	3.34	—
1Q FY 2014	22.52	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	\ Million	\ Million	%
1Q FY 2015	96,293	41,531	43.1
FY 2014	98,776	42,451	42.9

Note: Shareholders' Equity: 1Q FY 2015: \41,491 million

FY 2014: \42,388 million

### 2. Cash Dividends

	Annual Dividends				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
FY 2014	—	7.00	—	7.00	14.00
FY 2015	—	—	—	—	—
FY 2015 (forecast)	—	7.00	—	7.00	14.00

Note: Revision of the latest released dividend forecast: None

### 3. Forecast for the Year Ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(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, 2014	30,000	11.1	1,800	21.0	1,700	(19.6)	1,300	(21.9)	25.84
Year to March 31, 2015	61,500	8.1	3,900	47.1	3,500	(9.9)	2,600	(38.0)	51.67

Note: Revision of the latest released financial results forecast: None

\* Notes

- (1) Changes in important subsidiaries during the consolidated quarter (three 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: Yes  
(ii) Change of accounting policies other than stated in (i): None  
(iii) Change of accounting estimates: None  
(iv) Retroactive restatement: None  
Note: For details, see the attachment and look under “(3) Change of accounting policies; change and/or restatement of accounting estimates” of “2. Summary (Notes) Information.”

(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)	1Q FY 2015	53,432,510 shares	FY 2014	53,432,510 shares
(ii) Number of treasury shares as of the balance sheet date	1Q FY 2015	3,113,561 shares	FY 2014	3,113,536 shares
(iii) <a href="#">Average number of shares</a> (cumulative quarterly statistics)	1Q FY 2015	50,318,949 shares	1Q FY 2014	50,319,320 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 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, “(3) Consolidated earnings estimates and forward-looking information” of “1. Qualitative Information on Quarterly Financial Results.”

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## **1. Qualitative Information on Quarterly Financial Results**

### **(1) Explanation of business results**

In the world economy in the period under review, the U.S. continued a steady recovery in both the manufacturing and non-manufacturing sectors while in Europe an upward trend took hold despite lacking strength. Elsewhere, the growth rate slowed in China and emerging markets amidst continued uncertain conditions for the world economy in general.

The Japanese economy saw a slump in household spending stemming from the consumption tax increase and rising oil prices, but saw domestic demand recover and the employment picture improve amidst a background of favorable government policy, marking a brisk recovery and continued improvement in the overall economy.

In this type of business environment, our mainstay Machine Tool Operations and Industrial Machinery Operations saw strong demand in automobile-related business while demand also arose in the smartphone area. On the negative side, there was a reversal of the spike in demand prior to the consumption tax increase and capital investment weakened in the major market of China, which led to a decrease in sales compared with the prior-year period. With an improving order environment, we project a rebound in net sales in the second half.

As a result, consolidated net sales for the period totaled ¥12,093 million, down ¥1,263 million (-9.5%) from the same period the year earlier, with operating income of ¥530 million, down ¥130 million (-19.7%), ordinary income of ¥223 million, down ¥1,032 million (-82.2%), and net income of ¥168 million, down ¥965 million (-85.2%).

### **(2) Explanation of financial position**

Consolidated assets decreased ¥2,482 million from the end of the previous fiscal year to ¥96,293 million. Main factors include notes and accounts receivable - trade and electronically recorded monetary claims - operating, which accounted for a total decrease of ¥2,679 million.

Consolidated liabilities, compared with the end of the previous fiscal year, decreased ¥1,562 million to ¥54,762 million. This was mainly due to a ¥1,727 million decrease in long-term loans payable.

Net assets decreased ¥920 million from the end of the previous fiscal year to ¥41,531 million. Main factors include foreign currency translation adjustment, which accounted for a decrease of ¥733 million.

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

The consolidated earnings estimates published on May 15, 2014 remain unchanged.

## **2. Summary (Notes) 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**

(Application of accounting standards, etc., concerning retirement benefits)

Starting in the first quarter of the current fiscal year, we are applying Statement No. 26 - Accounting Standard for Retirement Benefits ("the Standard") and Guidance No. 25 - Guidance on Accounting Standard for Retirement Benefits ("the Guidance") both published on May 17, 2012, by the Accounting Standards Board of Japan ("ASBJ") as provided for in article 35 of the Standard and article 67 of the Guidance.

Accordingly, we have reviewed the calculation method of the liability for retirement benefits and service costs and have changed the method of attributing expected benefits to accounting periods from a straight-line basis to a benefit formula basis. We have also changed the method for determining the discount rate to a single weighted-average discount rate that reflects the estimated timing and amount of each benefit payment. In accordance with the provisions for past treatment in article 37 of the Standard, we are applying the Standard through an adjustment to the opening balance of retained earnings at the start of the first quarter of the current fiscal year, in the amount of the effect of the change in accounting policy.

As a result of these changes, the amounts presented for the start of the first quarter include an addition of 29 million yen to net defined benefit liability and a decrease of 27 million yen from retained earnings. The effect of this change on operating income, ordinary income, and net income before income taxes is negligible.

**3. Consolidated Financial Statements****(1) Consolidated balance sheets**

(In million yen)

	FY 2014 (consolidated) (As of March 31, 2014)	1Q FY 2015 (consolidated) (As of June 30, 2014)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	24,049	24,844
Notes and accounts receivable – trade	14,968	12,268
Electronically recorded monetary claims – operating	–	21
Installment accounts receivable	50	47
Commodity and merchandise	5,772	6,182
Work-in-process	7,285	7,856
Raw materials and inventory	8,905	8,873
Other current assets	3,645	3,586
Allowance for doubtful accounts	(120)	(133)
<b>Total current assets</b>	<b>64,557</b>	<b>63,547</b>
<b>Fixed Assets</b>		
<b>Tangible Fixed Assets</b>		
Buildings and structures	20,813	20,777
Machinery, equipment and vehicles	15,134	15,034
Other fixed assets	10,348	10,226
Accumulated depreciation	(21,846)	(21,987)
<b>Total tangible fixed assets</b>	<b>24,450</b>	<b>24,051</b>
<b>Intangible Fixed Assets</b>		
Goodwill	2,830	2,773
Other intangible fixed assets	1,516	1,494
<b>Total intangible fixed assets</b>	<b>4,346</b>	<b>4,267</b>
<b>Investments and other assets</b>		
Other assets	5,628	4,634
Allowance for doubtful accounts	(207)	(206)
<b>Total investments and other assets</b>	<b>5,421</b>	<b>4,427</b>
<b>Total Fixed Assets</b>	<b>34,218</b>	<b>32,746</b>
<b>Total Assets</b>	<b>98,776</b>	<b>96,293</b>

	FY 2014 (consolidated) (As of March 31, 2014)	1Q FY 2015 (consolidated) (As of June 30, 2014)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable – trade	8,530	6,157
Electronically recorded monetary claims – operating	–	2,809
Short-term loans payable	5,181	5,006
Long-term borrowings redeemable within one year	9,613	9,810
Income taxes payable	162	165
Allowance	800	569
Other current liabilities	5,492	5,418
<b>Total current liabilities</b>	<b>29,779</b>	<b>29,937</b>
<b>Fixed Liabilities</b>		
Corporate bonds	16	16
Long-term loans payable	24,656	22,928
Net defined benefit liability	1,003	995
Allowance	215	202
Asset removal obligations	229	230
Other fixed liabilities	423	452
<b>Total fixed liabilities</b>	<b>26,544</b>	<b>24,825</b>
<b>Total Liabilities</b>	<b>56,324</b>	<b>54,762</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital stock	20,775	20,775
Capital surplus	5,879	5,879
Retained earnings	13,714	13,500
Treasury stock	(1,695)	(1,695)
<b>Total shareholders' equity</b>	<b>38,673</b>	<b>38,460</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain on available-for-sale securities	658	698
Foreign currency translation adjustment	3,262	2,529
Remeasurements of defined benefit plans	(207)	(196)
<b>Total accumulated other comprehensive income</b>	<b>3,714</b>	<b>3,031</b>
Minority interests	63	39
<b>Total Net Assets</b>	<b>42,451</b>	<b>41,531</b>
<b>Total Liabilities and Net Assets</b>	<b>98,776</b>	<b>96,293</b>

**(2) Consolidated statements of income / Consolidated statements of comprehensive income**  
**(Consolidated statements of income)**  
**(1st quarter)**

(In million yen)

	1Q FY 2014 (April 1, 2013 – June 30, 2013)	1Q FY 2015 (April 1, 2014 – June 30, 2014)
Net Sales	13,357	12,093
Cost of Sales	9,427	7,891
Gross Profit	3,930	4,202
Reversal of Unrealized Income on Installment Sales	0	0
Unrealized Income from Installment Sales	0	–
Gross Profit after Income Deferrals	3,930	4,202
Selling, General and Administrative Expenses		
Personal expenses	1,329	1,472
Reversal of allowance for loan losses	24	15
Other	1,917	2,183
Total selling, general and administrative expenses	3,270	3,672
Operating Income	660	530
Non-operating Income		
Interest income	20	34
Dividends income	31	26
Foreign exchange gain	620	–
Other non-operating income	131	58
Total non-operating income	804	119
Non-operating Expenses		
Interest expenses	157	143
Foreign exchange loss	–	248
Other non-operating expenses	50	33
Total non-operating expense	208	425
Ordinary Income	1,256	223
Extraordinary Income		
Gain on sales of fixed assets	25	16
Gain on sale of investment securities	–	9
Total extraordinary income	25	25
Extraordinary Loss		
Loss on disposition of fixed assets	0	–
Loss on retirement of fixed assets	6	3
Loss from bad debts	2	–
Other extraordinary losses	0	–
Total extraordinary loss	9	3
Net Income before Income Taxes	1,272	246
Current Income Taxes	248	171
Deferred Income Taxes	(100)	(73)
Total Income Taxes	147	98
Net Income before Minority Interest	1,124	147
Minority interests in income (loss)	(8)	(20)
Net Income	1,133	168



**(Consolidated statements of comprehensive income)**  
**(1st quarter)**

(In million yen)

	1Q FY 2014 (April 1, 2013 – June 30, 2013)	1Q FY 2015 (April 1, 2014 – June 30, 2014)
Net Income before Minority Interest	1,124	147
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	237	39
Foreign currency translation adjustment	1,090	(736)
Remeasurements of defined benefit plans	–	10
Total other comprehensive income	1,327	(686)
Quarterly Comprehensive Income	2,451	(538)
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	2,452	(515)
Comprehensive income attributable to minority interests	(0)	(23)

**(3) 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.

I. 1Q FY 2014 (from April 1, 2013 to June 30, 2013)

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

(In million yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Note 2)	Amount stated on the consolidated statement of income for the quarter (Note 3)
	Machine Tool Operations	Industrial Machinery Operations	Food Processing Machinery Operations	Reportable Segment Total				
Net Sales								
Sales to outside customers	9,942	1,859	572	12,374	983	13,357	-	13,357
Inter-segment sales or transfers	80	36	-	116	455	572	(572)	-
Total	10,022	1,895	572	12,491	1,439	13,930	(572)	13,357
Segment income (loss)	887	214	(37)	1,063	(32)	1,030	(370)	660

- Notes:
1. The "Others" category refers to business segments such as high-precision mold and die machinery operations, elemental technology operations, and lease operations not included in reportable segments.
  2. The segment income (loss) adjustment amount of -\370 million includes \90 million in eliminations of inter-segment transactions and -\460 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.
  3. 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 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.

II. 1Q FY 2015 (from April 1, 2014 to June 30, 2014)

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

(In million yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Note 2)	Amount stated on the consolidated statement of income for the quarter (Note 3)
	Machine Tool Operations	Industrial Machinery Operations	Food Processing Machinery Operations	Reportable Segment Total				
Net Sales								
Sales to outside customers	9,038	1,634	440	11,113	980	12,093	-	12,093
Inter-segment sales or transfers	4	7	-	12	617	629	(629)	-
Total	9,043	1,642	440	11,125	1,597	12,722	(629)	12,093
Segment income (loss)	1,279	17	(55)	1,240	42	1,283	(753)	530

- Notes:
1. The "Others" category refers to business segments such as high-precision mold and die machinery operations, elemental technology operations, and lease operations not included in reportable segments.
  2. The segment income (loss) adjustment amount of -\753 million includes -\196 million in eliminations of inter-segment transactions and -\556 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.
  3. The segment income (loss) has been reconciled with the operating income stated on the consolidated statement of income for the period.

2. Changes in reportable segments

Starting in the previous fiscal year, reportable segments were changed in order to disclose more appropriate information on business management and better reflect Group business activity. For segment information on the first quarter of the previous fiscal year, the Company is disclosing information produced according to the reportable segment classification after the changes.

3. Information concerning impairment losses on fixed assets, goodwill, etc., by reportable segment

No applicable information.