

* 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: 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)	2Q FY 2015	53,432,510 shares	FY 2014	53,432,510 shares
(ii) Number of treasury shares as of the balance sheet date	2Q FY 2015	3,114,163 shares	FY 2014	3,113,536 shares
(iii) Average number of shares (cumulative quarterly statistics)	2Q FY 2015	50,318,836 shares	2Q FY 2014	50,319,250 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, “(3) Explanation of 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 its business recovery boosted by an improving employment picture. In Europe, however, although some countries continued in recovery mode, conditions varied across the continent as both Germany and France entered negative growth territory. Amidst worries about conditions in Ukraine, the uncertain outlook started to deepen. Although the growth rate in China has been leveling off, the country's steady growth continues while capital spending remains sound. Reflecting this economic background, the dollar strengthened against the yen while the euro faded.

In the Japan economy, household spending led demand downward, driven by the consumption tax hike in April and unfavorable weather events in the summer. On the other hand, a favorable backdrop erected by government economic policy helped boost business investment, the employment situation, and income. Overall, the steady recovery continued.

Amidst this business environment, our mainstay Machine Tool Operations and Industrial Machinery Operations saw favorable demand hold steady in the smartphone area, while the effects of the government's tax system to promote capital investment for improved productivity started to appear.

In September, as part of its expanded sales activity, the Sodick Group exhibited at IMTS (the International Manufacturing Technology Show), which was held in Chicago, where the U.S. market and the automotive industry in particular has been strong as a result of government measures to support revitalization of domestic industry. In addition, we have developed and announced the OPM250L metal 3D printer, the next-generation production technology that has been gathering attention in recent years. In the application of precision components to molds, one obstacle to the spread of metal 3D printing has been the difficulty in responding to problems that occur because technologies and products from many different vendors must be brought together in an integrated end-to-end manufacturing process ("monozukuri") using metal 3D printers—a process extending from 1) CAD/CAE and CAM which generate control programs for machining with machine tools according to product design to 2) metal machining and mold production by the metal 3D printer to 3) production of finale formed products with injection molding equipment. With the OPM250L, the *monozukuri* process using metal 3D printers is perfected in the Sodick Group's technology. The system realizes the industry's first "one-stop solution," made possible by the sole efforts of the Sodick Group, who will solve any issue that may arise with this system.

As a result, consolidated net sales for the period totaled ¥27,878 million, up ¥864 million (+3.2%) from the same period the year earlier, with operating income of ¥1,436 million, down ¥51 million (-3.5%), ordinary income of ¥1,363 million, down ¥750 million (-35.5%), and net income of ¥915 million, down ¥749 million (-45.0%).

(2) Explanation of financial position

Consolidated assets increased ¥240 million from the end of the previous fiscal year to ¥99,017 million. Main factors include increases of ¥860 million in commodity and merchandise and ¥829 million in work-in-process, which were partially offset by decreases of ¥854 million total in notes and accounts receivable - trade and electronically recorded monetary claims - operating, and ¥423 million in raw materials and inventory.

Consolidated liabilities, compared with the end of the previous fiscal year, decreased ¥415 million to ¥55,909 million. Main factors include decreases of ¥237 million in short-term loans payable and ¥1,318 million in long-term loans payable including long-term borrowings redeemable within one year. These amounts were partially offset by an increase of ¥1,310 million in total for notes and accounts payable - trade and electronically recorded money claims - operating.

Net assets increased ¥655 million from the end of the previous fiscal year to ¥43,107 million. Main factors include an increase of ¥519 million in retained earnings.

(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 (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

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

Starting in the first quarter of the current fiscal year, we applied 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 second 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 second 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)	2Q FY 2015 (consolidated) (As of September 30, 2014)
Assets		
Current Assets		
Cash and deposits	24,049	25,071
Notes and accounts receivable – trade	14,968	14,062
Electronically recorded monetary claims – operating	—	51
Installment accounts receivable	50	50
Commodity and merchandise	5,772	6,633
Work-in-process	7,285	8,114
Raw materials and inventory	8,905	8,482
Other current assets	3,645	3,741
Allowance for doubtful accounts	(120)	(139)
Total current assets	64,557	66,067
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	20,813	20,842
Machinery, equipment and vehicles	15,134	15,268
Other fixed assets	10,348	10,582
Accumulated depreciation	(21,846)	(22,607)
Total tangible fixed assets	24,450	24,085
Intangible Fixed Assets		
Goodwill	2,830	2,701
Other intangible fixed assets	1,516	1,472
Total intangible fixed assets	4,346	4,173
Investments and other assets		
Other assets	5,628	4,896
Allowance for doubtful accounts	(207)	(206)
Total investments and other assets	5,421	4,689
Total Fixed Assets	34,218	32,949
Total Assets	98,776	99,017

	FY 2014 (consolidated) (As of March 31, 2014)	2Q FY 2015 (consolidated) (As of September 30, 2014)
Liabilities		
Current Liabilities		
Notes and accounts payable – trade	8,530	5,168
Electronically recorded monetary claims – operating	—	4,672
Short-term loans payable	5,181	4,943
Long-term borrowings redeemable within one year	9,613	9,393
Income taxes payable	162	241
Allowance	800	857
Other current liabilities	5,492	5,334
Total current liabilities	29,779	30,611
Fixed Liabilities		
Corporate bonds	16	9
Long-term loans payable	24,656	23,557
Net defined benefit liability	1,003	978
Allowance	215	223
Asset removal obligations	229	93
Other fixed liabilities	423	436
Total fixed liabilities	26,544	25,298
Total Liabilities	56,324	55,909
Net Assets		
Shareholders' Equity		
Capital stock	20,775	20,775
Capital surplus	5,879	5,879
Retained earnings	13,714	14,233
Treasury stock	(1,695)	(1,696)
Total shareholders' equity	38,673	39,192
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	658	844
Foreign currency translation adjustment	3,262	3,216
Remeasurements of defined benefit plans	(207)	(192)
Total accumulated other comprehensive income	3,714	3,868
Minority interests	63	46
Total Net Assets	42,451	43,107
Total Liabilities and Net Assets	98,776	99,017

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

(In million yen)

	2Q FY 2014 (April 1, 2013 – September 30, 2013)	2Q FY 2015 (April 1, 2014 – September 30, 2014)
Net Sales	27,013	27,878
Cost of Sales	18,792	18,868
Gross Profit	8,221	9,009
Reversal of Unrealized Income on Installment Sales	1	0
Unrealized Income from Installment Sales	1	0
Gross Profit after Income Deferrals	8,221	9,009
Selling, General and Administrative Expenses		
Personal expenses	2,749	3,007
Reversal of allowance for loan losses	(32)	21
Other	4,016	4,544
Total selling, general and administrative expenses	6,733	7,473
Operating Income	1,488	1,436
Non-operating Income		
Interest income	31	62
Dividends income	34	28
Foreign exchange gain	759	126
Gain on sales of scraps	21	24
Other non-operating income	216	111
Total non-operating income	1,063	353
Non-operating Expenses		
Interest expenses	323	280
Other non-operating expenses	113	145
Total non-operating expense	436	426
Ordinary Income	2,114	1,363
Extraordinary Income		
Gain on sales of fixed assets	35	20
Gain on sale of investment securities	—	9
Total extraordinary income	35	30
Extraordinary Loss		
Loss on disposition of fixed assets	0	—
Loss on retirement of fixed assets	18	20
Loss from bad debts	—	35
Other extraordinary losses	2	12
Total extraordinary loss	21	67
Net Income before Income Taxes	2,128	1,326
Current Income Taxes	496	370
Deferred Income Taxes	(20)	53
Total Income Taxes	475	423
Net Income before Minority Interest	1,652	902
Minority interests in income (loss)	(12)	(12)
Net Income	1,664	915

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

(In million yen)

	2Q FY 2014 (April 1, 2013 – September 30, 2013)	2Q FY 2015 (April 1, 2014 – September 30, 2014)
Net Income before Minority Interest	1,652	902
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	293	185
Foreign currency translation adjustment	1,627	(50)
Remeasurements of defined benefit plans	—	14
Total other comprehensive income	1,920	149
Quarterly Comprehensive Income	3,572	1,052
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	3,573	1,069
Comprehensive income attributable to minority interests	(0)	(17)

(3) Consolidated Statement of Cash Flows

	2Q FY 2014 (April 1, 2013 – September 30, 2013)	2Q FY 2015 (April 1, 2014 – September 30, 2014)
Cash Flows from Operating Activities		
Income before income taxes	2,128	1,326
Depreciation	1,225	1,262
Amortization of goodwill	85	112
Change in provisions for doubtful accounts	(181)	20
Increase (decrease) in provision for retirement benefits	(94)	—
Increase (decrease) in net defined benefit liability	—	(35)
Interest and dividend income	(65)	(90)
Interest expenses	323	280
Foreign exchange loss (gain)	114	(228)
Loss (gain) in trade receivables	895	795
Loss (gain) in inventories	824	(1,309)
Gain (loss) in trade payables	(552)	1,286
Gain (loss) in other accounts payable	(153)	78
Increase (decrease) in advances received	147	(102)
Other operating cash flows	(305)	(241)
Subtotal	4,390	3,156
Interest and dividend income received	65	90
Interest expenses paid	(335)	(281)
Income taxes returned (paid)	(570)	(318)
Net cash provided by operating activities	3,549	2,647
Cash Flows from Investing Activities		
Increase in time deposits	(55)	(12)
Decrease in time deposits	—	309
Expenses for purchases of property, plant, and equipment	(1,711)	(835)
Proceeds from sale of property, plant, and equipment	143	117
Expenses for purchase of intangible assets	(355)	(183)
Expenses for purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	7	1,016
Expense for purchase of shares in subsidiaries and affiliates	(538)	—
Expenses for loans provided	(9)	—
Proceeds from loans collected	99	33
Other investing cash flows	58	0
Net cash used in investing activities	(2,362)	444

	2Q FY 2014 (April 1, 2013 – September 30, 2013)	2Q FY 2015 (April 1, 2014 – September 30, 2014)
Cash Flows from Financing Activities		
Change in short-term borrowings	(1,145)	(286)
Proceeds from long-term borrowings	9,240	4,000
Expenses for redemption of long-term borrowings	(6,574)	(5,223)
Expenses for redemption of bonds	(7)	(7)
Expenses for purchase of treasury shares	(0)	(0)
Cash dividends paid	(402)	(352)
Cash dividends paid to minority shareholders	(10)	—
Expenses for payment of finance lease obligations	(58)	(61)
Other financing cash flows	(27)	(22)
Net cash flows from financing activities	1,014	(1,953)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(57)	173
Net Change in Cash and Cash Equivalents	2,144	1,312
Cash and Cash Equivalents, Beginning of Year	25,514	23,647
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	(0)	—
Net Cash and Cash Equivalents, End of the 2nd Quarter	28,085	24,959

(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 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				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	19,141	4,371	1,549	25,062	1,951	27,013	—	27,013
Inter-segment sales or transfers	110	37	—	147	1,022	1,169	(1,169)	—
Total	19,251	4,408	1,549	25,210	2,973	28,183	(1,169)	27,013
Segment income (loss)	2,018	418	21	2,458	(52)	2,406	(918)	1,488

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 -¥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.

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. 2Q FY 2015 (from April 1, 2014 to September 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	20,533	3,858	1,052	25,444	2,433	27,878	—	27,878
Inter-segment sales or transfers	17	8	—	26	1,220	1,246	(1,246)	—
Total	20,551	3,866	1,052	25,470	3,654	29,124	(1,246)	27,878
Segment income (loss)	2,580	31	(121)	2,490	319	2,810	(1,373)	1,436

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 -¥1,373 million includes -¥192 million in eliminations of inter-segment transactions and -¥1,181 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 second 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.