Summary of Financial Statements for the Year Ended March 31, 2014 (J-GAAP) (Consolidated)

May 15, 2014

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, 2014
Scheduled date of dividend payout: June 30, 2014
Scheduled date of filing of consolidated financial statements: June 27, 2014
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, 2014 (from April 1, 2013 to March 31, 2014)

(1) Consolidated Financial Results (Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	\ Million	%	\ Million	%	\ Million	%	\ Million	%
FY 2014	56,899	3.4	2,651	(34.1)	3,886	(27.4)	4,194	0.1
FY 2013	55,031	2.8	4,021	(26.8)	5,356	17.0	4,191	26.2

Note: Comprehensive Income: FY 2014 \7,541 million / 7.7% FY 2013 \7,000 million / 111.0%

	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 2014	83.36	—	10.7	4.0	4.7
FY 2013	83.29	—	12.8	5.7	7.3

Reference: Equity in earnings (losses) of non-consolidated subsidiaries and affiliates:
FY 2014: \— million FY 2013: \— million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	\ Million	\ Million	%	\
FY 2014	98,776	42,451	42.9	842.40
FY 2013	95,041	36,033	37.9	715.26

Reference: Shareholders' Equity: FY 2014: \42,388 million FY 2013: \35,991 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 2014	5,577	(4,181)	(3,696)	23,647
FY 2013	2,766	(4,776)	(1,163)	25,514

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 2013	—	6.00	—	8.00	14.00	704	16.8	2.1
FY 2014	—	7.00	—	7.00	14.00	704	16.8	1.8
FY 2015 (forecast)	—	7.00	—	7.00	14.00		27.1	

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

* Notes

(1) Changes in important subsidiaries during the term 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) 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 p.16, "4. Consolidated Financial Statements (5) Notes concerning the consolidated financial statements (change of accounting policies)".

(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 2014	53,432,510 shares	FY 2013	53,432,510 shares
2) Number of treasury shares as of the balance sheet date	FY 2014	3,113,536 shares	FY 2013	3,113,112 shares
3) Average number of shares outstanding during the period	FY 2014	50,319,172 shares	FY 2013	50,319,710 shares

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Results for the Year Ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(1) Consolidated Financial Results (Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	\ Million	%	\ Million	%	\ Million	%	\ Million	%
FY 2014	35,328	9.8	1,576	6.5	1,817	(30.6)	2,697	14.5
FY 2013	32,181	58.8	1,479	(22.5)	2,616	94.4	2,356	206.3

	Net Income Per Share	Net Income Per Share After Dilution
	\	\
FY 2014	53.60	—
FY 2013	46.82	—

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	\ Million	\ Million	%	\
FY 2014	76,781	34,338	44.7	682.42
FY 2013	78,487	32,183	41.0	639.59

Reference: Shareholders' Equity: FY 2014: \34,338 million FY 2013: \32,183 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

During the fiscal year ended March 31, 2014, government spending and accommodative monetary policy in Japan drove a correction from the high yen while corporate profits widened, particularly among exporters, and a mild recovery in consumer spending got underway. However, the outlook remained uncertain due to concerns about the impact of the consumption tax hike on consumer spending, the growth slowdown in emerging markets, and the world situation.

In the manufacturing sector, whose demand for capital spending exerts a heavy influence on the Sodick Group's business performance, the domestic market was generally improving amidst an economic recovery. Meanwhile, developments in overseas markets were favorable in the U.S., where the automotive industry was hitting its stride backed by domestic recovery policies for the manufacturing sector, and in Europe, where the financial crisis was calming down. In the major market of China, however, the full effects of an economic slowdown were being felt, causing the economy to encounter soft demand.

Amidst these developments, the Company expanded its vigorous sales activities in a variety of fields, including appearances at numerous exhibitions such as EMO Hannover 2013, a major international machine tools exhibition in Germany, and FOOMA JAPAN 2013, a food machinery exhibition. The Group has high expectations for Southeast Asia, a market that extends the performance of greater China with its recent years of rapid growth. We have established a sales company in Vietnam, a country with strong prospects for growth and a magnet for foreign investment, and augment our sales activities in the region. The Group will continue to work hard to be always prepared and ready in support of its customers at the frontlines of making products, where globalization is occurring at a quick pace.

For the term under review, operating income fell due to weaker demand for capital investment in the Greater China region, a major Sodick market, and unrecorded revenues in electrical discharging machinery sales, a result of a greater number of projects with product acceptance pending.

Based on these developments, consolidated sales rose \1,867 million (+3.4%) compared with previous fiscal year to \56,899 million. In earnings, operating income fell \1,369 million (-34.1%) compared with previous fiscal year to \2,651 million, ordinary income fell \1,470 million (-27.4%) compared with previous fiscal year to \3,886 million, and net income rose \3 million (+0.1%) compared with previous fiscal year to \4,194 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 ¥3,735 million to ¥98,776 million. Main factors included an increase in notes receivable trade and accounts receivable trade, 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 \2,682 million to \56,324 million. Main factors included a \1,184 million decrease in long-term loans and a \423 million decrease in short-term loans.

Net assets rose \6,417 million compared with previous fiscal year to \42,451 million due to the accounting recognition of a \4,194 million net income for the period. As a result of the foregoing, the equity ratio came to 42.9%.

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 \23,647 million, which was \1,866 million (-7.3%) 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 ¥5,577 million (compared with ¥2,766 million a year ago). The cash flow was boosted by ¥3,857 million in net income before income taxes and other adjustments, a \1,875 million decrease in inventories and other factors. This was partially offset by a \1,247 million increase in trade receivables.

(Investing cash flows)

Net cash used in investing activities was \4,181 million (compared with \4,776 million used in investing activities a year ago). This was mainly due to \2,607 million expenses for property, plant, and equipment, and \1,069 million expenses from the acquisition of shares in affiliates.

(Financing cash flows)

Net cash used in financing activities was \3,696 million (compared with \1,163 million a year ago). This was mainly due to \11,427 million expenses as a repayment of long-term loans, and \754 million expenses in the payment of dividends. This was partially offset by \9,718 million in proceeds from long-term loans payable.

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

	FY 2011	FY 2012	FY 2013	FY 2014
Equity ratio (%)	33.3	31.9	37.9	42.9
Equity ratio based on market capitalization (%)	28.2	24.5	29.9	19.8
Ratio of cash flow to interest-bearing debt (years)	10.4	4.5	15.0	7.1
Interest coverage ratio (times)	5.9	14.4	4.3	8.7

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

The Company conducts its business with utmost care for the critical capital contributed by its shareholders. Its basic policy is to ensure that the necessary earnings are retained for future business expansion and for reinforcing a solid business structure while continuing to pay a stable dividend. 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 \7.0 and a per-share interim dividend of \7.0.

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.

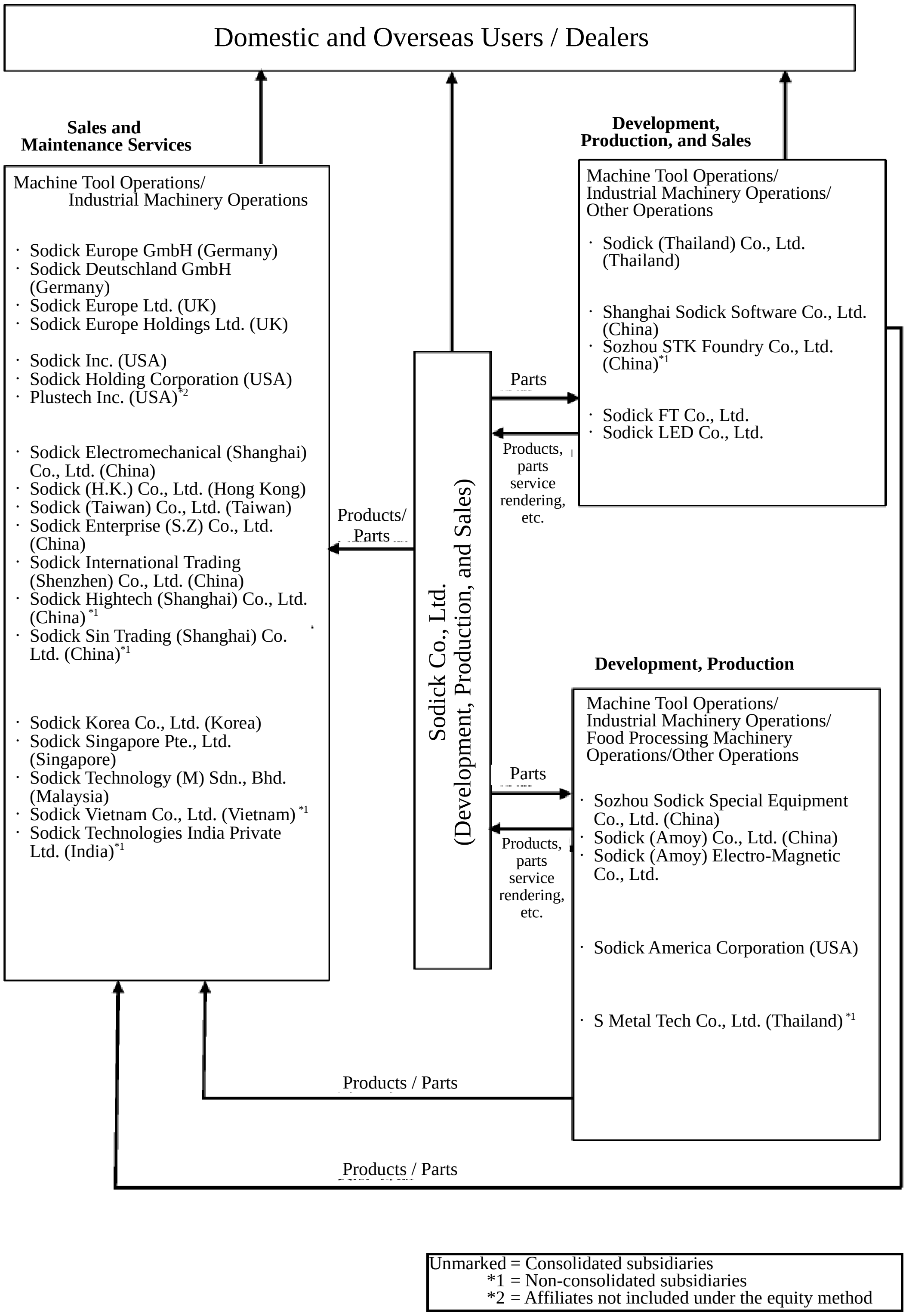
(5) Outlook for the next fiscal year

In the Japanese economy, the Company foresees renewed demand accommodated by an environment of greater business confidence as a result of the Abe administration's "Abenomics" policy and the government's "tax system to promote capital investment to improve productivity." In the international economy, the rebound in manufacturing continues to progress in the U.S. and the financial crisis is settling down in Europe. The Company therefore has a favorable outlook in these regions for a wide span of industries, ranging from aircraft and automotive to small precision manufacturing. However, greater China has had a slowdown in the previous year, and we expect demand to pause before it gets back on track. Group results forecasts for the fiscal year to March 2015 are for consolidated sales of \61,500 million (+8.1%), consolidated operating income of \3,900 million (+47.1%), consolidated ordinary income of \3,500 million (-9.9%), and consolidated net income of \2,600 million (-38.0%). The above results forecasts are based on assumed average foreign exchange rates during the fiscal year of JPY102/USD1.0 and JPY140/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 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) Food Processing Machinery Operations engaged in the development, production, and sales of noodle production plants and noodle production equipment, etc., and (iv) Other operations engaged in the development, production, and sales of synthetic resin products, the development, production, and sales of linear motor application products, ceramics products and control equipment for the products, and LED lighting, as well as 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.



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 the term under review, the ratio of consolidated ordinary income was 6.8% and the debt-to-equity ratio was 1.0. The result for ratio of consolidated ordinary income diverges from its management target. In response, the Group intends to increase the efficiency of its overall asset management through such measures as updating the accounting system so that the target value can be quickly achieved.

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 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 amplify 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, 2014, interest-bearing debt of Sodick Group totaled approximately ¥39,480 million. For target management indicators, the Group met its target of 1.0 or less for the debt-to-equity ratio, but failed to meet its target of 10% for the ratio of consolidated ordinary income. To achieve targets, we continue to exercise management diligence towards maintaining financial balance. Looking forward, we will put in force a variety of policies including the reduction of interest-bearing debt and will promptly establish a robust financial position that enables the constant return of profits to our shareholders.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	FY 2013 (As of March 31, 2013)	FY 2014 (As of March 31, 2014)
Assets		
Current Assets		
Cash and deposits	25,533	24,049
Notes and accounts receivable – trade	12,927	14,968
Claims to receivables from installment sales	5	50
Commodity and merchandise	5,554	5,772
Work-in-process	6,097	7,285
Raw materials and inventory	9,724	8,905
Deferred tax assets	889	1,191
Other current assets	2,154	2,453
Allowance for doubtful accounts	(198)	(120)
Total Current Assets	62,688	64,557
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	19,114	20,813
Machinery, equipment and vehicles	13,347	15,134
Tools, fixtures and equipment	2,695	2,459
Land	6,937	6,949
Lease assets	556	525
Construction in progress	948	414
Accumulated depreciation	(20,142)	(21,846)
Total tangible fixed assets	23,458	24,450
Intangible Fixed Assets		
Goodwill	2,433	2,830
Other intangible fixed assets	1,150	1,516
Total intangible fixed assets	3,583	4,346
Investments and other assets		
Investment securities	3,199	3,677
Long-term loans receivable	307	241
Deferred tax assets	81	698
Other assets	2,059	1,010
Allowance for doubtful accounts	(337)	(207)
Total investments and other assets	5,310	5,421
Total Fixed Assets	32,352	34,218
Total Assets	95,041	98,776

(In million yen)

	FY 2013 (As of March 31, 2013)	FY 2014 (As of March 31, 2014)
Liabilities		
Current Liabilities		
Notes and accounts payable – trade	8,508	8,530
Short-term loans payable	5,604	5,181
Long-term borrowings redeemable within one year	10,017	9,613
Bonds redeemable within one year	14	14
Accounts payable – other	1,652	1,247
Income taxes payable	460	162
Provision for product warranties	266	317
Provisions for quality warranties	6	5
Provision for bonuses	544	460
Provision for point card certificates	16	16
Other current liabilities	3,828	4,230
Total current liabilities	30,919	29,779
Fixed Liabilities		
Corporate bonds	30	16
Long-term loans payable	25,840	24,656
Provision for directors’ retirement benefits	38	21
Provision for product warranties	140	194
Provision for retirement benefits	892	–
Net defined benefit liability	–	1,003
Asset retirement obligations	224	229
Other fixed liabilities	921	423
Total fixed liabilities	28,088	26,544
Total Liabilities	59,007	56,324
Net Assets		
Shareholders’ Equity		
Capital stock	20,775	20,775
Capital surplus	5,879	5,879
Retained earnings	10,435	13,714
Treasury stock	(1,695)	(1,695)
Total shareholders’ equity	35,395	38,673
Accumulated Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	400	658
Foreign currency translation adjustment	195	3,262
Remeasurements of defined benefit plans	–	(207)
Total accumulated other comprehensive income	595	3,714
Minority interests	42	63
Total Net Assets	36,033	42,451
Total Liabilities and Net Assets	95,041	98,776

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

(In million yen)

	FY 2013 (April 1, 2012 – March 31, 2013)	FY 2014 (April 1, 2013 – March 31, 2014)
Net Sales	55,031	56,899
Cost of Sales	38,296	40,232
Gross Profit	16,734	16,667
Reversal of Unrealized Income on Installment Sales	5	2
Provision of Unrealized Income on Installment Sales	–	3
Gross Profit after Income Deferrals	16,740	16,666
Selling, General and Administrative Expenses		
Personnel expenses	5,315	5,734
Reversal of allowance for loan losses	(25)	(126)
Amortization of goodwill	199	201
Provision for point card certificates	14	0
Others	7,216	8,205
Total selling, general and administrative expenses	12,719	14,014
Operating Income	4,021	2,651
Non-Operating Income		
Interest income	72	79
Dividends income	36	53
Exchange gain	1,713	1,349
Subsidy income	46	247
Gain on sales of scraps	62	44
Other non-operating income	156	279
Total non-operating income	2,089	2,055
Non-Operating Expenses		
Interest expenses	639	626
Other non-operating expenses	115	193
Total non-operating expenses	754	820
Ordinary Income	5,356	3,886
Extraordinary Income		
Gain on sales of fixed assets	27	61
Gain on sales of investment securities	8	–
Proceeds from insurance money received	2,957	–
Other extraordinary income	90	2
Total Extraordinary Income	3,083	63
Extraordinary Loss		
Loss on sales of fixed assets	2	0
Loss on retirement of fixed assets	112	29
Loss from revaluation of investment securities	147	–
Impairment loss	2,487	56
Loss from natural disaster	484	–
Other extraordinary loss	33	5
Total extraordinary loss	3,268	91
Net Income before Income Taxes	5,170	3,857
Current Income Taxes	1,003	728
Deferred Income Taxes	(31)	(1,066)
Total Income Taxes	972	(338)
Net Income before Minority Interest	4,198	4,196
Minority Interests in Income	7	1
Net Income	4,191	4,194

(Statement of Comprehensive Income)

	FY 2013 (April 1, 2012 – March 31, 2013)	FY 2014 (April 1, 2013 – March 31, 2014)
Net Income before Minority Interest	4,198	4,196
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	193	258
Foreign currency translation adjustment	2,608	3,086
Total other comprehensive income (loss)	2,801	3,344
Comprehensive Income	7,000	7,541
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,985	7,520
Comprehensive income attributable to minority interest	14	20

(3) Consolidated Statement of Change in Shareholders' Equity
Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(In million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	20,775	5,879	6,891	(1,694)	31,851
Changes during the current fiscal year					
Dividends of surplus			(603)		(603)
Reserve for the awards and welfare fund for employees of foreign subsidiaries			(35)		(35)
Net income			4,191		4,191
Changes in scope of consolidation			(7)		(7)
Changes due to the merger of non-consolidated subsidiaries					
Purchase of treasury stock				(0)	(0)
Net change during the current fiscal year in items other than shareholders' equity					
Total changes during the current fiscal year	–	–	3,544	(0)	3,544
Total changes during the current fiscal year	20,775	5,879	10,435	(1,695)	35,395

	Accumulated Other Comprehensive Income				Subscription Rights to Shares	Minority Interests	Total Net Assets
	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	206	(2,405)	–	(2,198)	23	41	29,718
Changes during the current fiscal year							
Dividends of surplus							(603)
Reserve for the awards and welfare fund for employees of foreign subsidiaries							(35)
Net income							4,191
Changes in scope of consolidation							(7)
Changes due to the merger of non-consolidated subsidiaries							–
Purchase of treasury stock						(0)	(0)
Net change during the current fiscal year in items other than shareholders' equity	193	2,600	–	2,794	(23)	0	2,771
Total changes during the current fiscal year	193	2,600	–	2,794	(23)	0	6,315
Total changes during the current fiscal year	400	195	–	595	–	42	36,033

Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(In million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	20,775	5,879	10,435	(1,695)	35,395
Changes during the current fiscal year					
Dividends of surplus			(754)		(754)
Reserve for the awards and welfare fund for employees of foreign subsidiaries			(58)		(58)
Net income			4,194		4,194
Changes in scope of consolidation			(96)		(96)
Changes due to the merger of non-consolidated subsidiaries			(5)		(5)
Purchase of treasury stock				(0)	(0)
Net change during the current fiscal year in items other than shareholders' equity					
Total changes during the current fiscal year	–	–	3,278	(0)	3,278
Total changes during the current fiscal year	20,775	5,879	13,714	(1,695)	38,673

	Accumulated Other Comprehensive Income				Subscription Rights to Shares	Minority Interests	Total Net Assets
	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	400	195	–	595	–	42	36,033
Changes during the current fiscal year							
Dividends of surplus							(754)
Reserve for the awards and welfare fund for employees of foreign subsidiaries							(58)
Net income							4,194
Changes in scope of consolidation							(96)
Changes due to the merger of non-consolidated subsidiaries							(5)
Purchase of treasury stock							(0)
Net change during the current fiscal year in items other than shareholders' equity	258	3,067	(207)	3,118	–	20	3,139
Total changes during the current fiscal year	258	3,067	(207)	3,118	–	20	6,417
Total changes during the current fiscal year	658	3,262	(207)	3,714	–	63	42,451

(4) Consolidated Statement of Cash Flows

(In million yen)

	FY 2013 (April 1, 2012 – March 31, 2013)	FY 2014 (April 1, 2013 – March 31, 2014)
Cash Flows from Operating Activities		
Gain (loss) before income taxes	5,170	3,857
Depreciation	2,204	2,559
Amortization of goodwill	199	201
Increase (decrease) in provision for retirement benefits	(159)	(915)
Increase (decrease) in net defined benefit liability	–	722
Change in provisions for doubtful accounts	(38)	(310)
Interest and dividend income	(109)	(133)
Interest expenses	639	626
Foreign exchange loss (gain)	(793)	156
Loss (gain) on sales and valuation of investment securities	170	6
Loss (gain) on sale and retirement of fixed assets	87	(31)
Impairment loss	2,487	56
Loss from natural disaster	484	–
Loss (gain) in trade receivables	741	(1,247)
Loss (gain) in inventories	(1,232)	1,875
Gain (loss) in trade payables	(3,424)	(188)
Gain (loss) in other accounts payable	(305)	(108)
Increase (decrease) in advances received	(2,441)	473
Other operating cash flows	(2,574)	(531)
Subtotal	1,107	7,068
Interest and dividend income received	115	130
Interest expenses paid	(638)	(641)
Income taxes returned (paid)	(774)	(980)
Proceeds from insurance money received	2,957	–
Net cash provided by operating activities	2,766	5,577
Cash Flows from Investing Activities		
Increase in time deposits	(78)	(368)
Decrease in time deposits	775	–
Expenses for purchases of property, plant, and equipment	(4,713)	(2,607)
Proceeds from sale of property, plant, and equipment	51	192
Expenses for purchase of intangible assets	(393)	(723)
Expenses for purchase of investment securities	(1,001)	(0)
Proceeds from sale of investment securities	825	9
Expense for purchase of shares in subsidiaries and affiliates	(128)	(1,069)
Expenses for the acquisition of subsidiary stocks due to a change in the scope of consolidation	(475)	–
Proceeds from the sale of subsidiary stocks due to a change in the scope of consolidation	–	173
Expenses for loans provided	(64)	(13)
Proceeds from loans collected	382	177
Other investing cash flows	43	47
Net cash used in investing activities	(4,776)	(4,181)

(In million yen)

	FY 2013 (April 1, 2012 – March 31, 2013)	FY 2014 (April 1, 2013 – March 31, 2014)
Cash Flows from Financing Activities		
Change in short-term borrowings	(11,030)	(1,023)
Proceeds from long-term borrowings	18,000	9,718
Expenses for redemption of long-term borrowings	(7,336)	(11,427)
Expenses for redemption of bonds	(14)	(14)
Expenses for payment of finance lease obligations	(101)	(135)
Cash dividends paid	(603)	(754)
Cash dividends paid to minority shareholders	(7)	–
Other financing cash flows	(68)	(51)
Net cash used in financing activities	(1,163)	(3,696)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,400	8
Net Change in Cash and Cash Equivalents	(1,772)	(2,293)
Cash and Cash Equivalents, Beginning of Year	27,316	25,514
Increase in Cash and Cash Equivalents from Newly Consolidated or Merger of Subsidiaries	–	425
Increase in Cash and Cash Equivalents Resulting from Merger with Non-consolidated Subsidiaries	–	1
Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation	(29)	(0)
Net Cash and Cash Equivalents, End of Year	25,514	23,647

(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.
Starting in the current fiscal year, business segments have been changed in order to better reflect the status of Group business activity and to disclose appropriate information on business management.
The Company plans comprehensive strategy and develops business activities by product and service, and has set up three reportable segments to this end.
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 Food Processing Machinery Operations segment engages in the development, manufacture, and selling of noodle production plant and machinery.
For segment information on the previous fiscal year, the Company is disclosing information produced according to the reporting segment classification of the current fiscal year.

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

The accounting methods of each reportable segment conform with the accounting principles and procedures employed in the preparation of the 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 on sales, operating income (loss), assets, and other items by reportable segment

Fiscal Year Ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(In million yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Note 2, 3, 4, 5)	Amount stated on the consolidated statement of income for the quarter (Note 6)
	Machine Tool Operations	Industrial Machinery Operations	Food Processing Machinery Operations	Reportable Segment Total				
Net Sales								
Sales to outside customers	40,836	8,444	3,537	52,819	4,080	56,899	–	56,899
Inter-segment sales or transfers	87	2	–	90	2,088	2,178	(2,178)	–
Total	40,924	8,447	3,537	52,909	6,168	59,078	(2,178)	56,899
Segment income	3,436	771	155	4,363	134	4,498	(1,846)	2,651
Segment assets	59,598	10,598	2,315	72,511	8,210	80,722	18,053	98,776
Other								
Depreciation	1,633	275	44	1,953	427	2,380	178	2,559
Amortization of goodwill	61	28	90	180	20	201	–	201
Impairment loss	0	–	–	0	55	56	–	56
Increase in tangible fixed assets and intangible fixed assets	1,543	63	34	1,642	872	2,515	663	3,179

Notes:
1. The “Others” category refers to business segments such as high-precision mold and die machinery operations, elemental technology operations, lease operations and printing operations not included in reportable segments.
2. The segment income adjustment amount of -\1,846 million includes \371 million in eliminations of inter-segment transactions and -\2,218 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 assets adjustment amount \18,053 million includes the group assets \19,477 not attributable to each reportable segment and -\1,423 million in eliminations of inter-segment transactions. The group assets consist mainly of the assets of head office functions not attributable to reportable segments.
4. Depreciation adjustment amount of \178 million for the category “Others” consist mainly of group’s depreciation of \178 million not attributable to each reportable segment.
5. The increase in tangible fixed assets and intangible fixed assets adjustment amount of \663 million for the category “Others” consists mainly of \663 in group’s tangible fixed assets and intangible fixed assets not attributable to each reportable segment.
6. 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, 2013 (from April 1, 2012 to March 31, 2013)		Year Ended March 31, 2014 (from April 1, 2013 to March 31, 2014)	
Net assets per share (yen)	715.26	Net assets per share (yen)	842.40
Net income per share (yen)	83.29	Net income per share (yen)	83.36

Note: 1. Net loss per diluted share for the fiscal year ended March 31, 2013, is not presented due to the absence of shares having a dilutive effect. Net loss per diluted share for the fiscal year ended March 31, 2014, is also not presented because there were no dilutive shares outstanding.

2. 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, 2013 (from April 1, 2012 to March 31, 2013)	Year Ended March 31, 2014 (from April 1, 2013 to March 31, 2014)
Net Income (¥ million)	4,191	4,194
Portion not attributable to shares of common stock (¥ million)	–	–
Net income attributable to shares of common stock (¥ million)	4,191	4,194
Average number of shares of common stock outstanding (thousand shares)	50,319	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). The exercise period for these rights expired on August 31, 2012.	–

(Material subsequent events)
There are no items to report.

5. Other

(1) Change in company officers

See the separate “Announcement of Change in Representative Director and Executive Officers” of announcement of May 15, 2014.