

Major locations worldwide

(as of March 31, 2008)

Domestic
Head office Yokohama
 Sendai, Koriyama, Morioka, Hachioji, Matsumoto, Omiya (Saitama), Ota,
Branches East Kanto (Kashiwa), Nagoya, Fukui, Shizuoka, Hamamatsu, Osaka, Kyoto, Okayama, Fukuoka
Factories Fukui, Kaga

Sodick America Corporation (San Jose)
 Sodick Inc. (Chicago/NJ/L.A.)
 Head office/Technology and research center
 Sodick Plustech Co., Ltd.
 Sodick Europe Ltd. (U.K.)
 Fukui factory
 Sodick Deutschland GmbH (Germany)
 Sodick (Thailand) Co., Ltd.
 Sodick Singapore Pte., Ltd.
 Sodick (H.K.) Co., Ltd.
 Sodick Amoy Co., Ltd.
 Sodick (Taiwan) Co., Ltd.
 Suzhou Sodick Special Equipment Co., Ltd.

Business Report

Sodick's website

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



We are looking forward to hearing from our shareholders.

At Sodick, we are receptive to the opinions and questions of all our shareholders. Feel free to contact us at the following

e-mail: ir@sodick.co.jp

Sodick Sodick Co., Ltd.

3-12-1 Nakamachidai, Tsuzuki-ku,
 Yokohama, Kanagawa 224-8522, Japan
 phone: +81-(0)45-942-3111
 facsimile: +81-(0)45-943-5835
 (Stock code: 6143)



This booklet uses paper made from FSC certified forest and soy-bean based ink.

Business Report for Fiscal Year 2008

(April 1, 2007 to March 31, 2008)

Sodick
Sodick Co., Ltd.

Award-Winning Technology

AG Series Linear Motor Driven High-Speed Die Sinker Electric Discharge Machine Tool, receives 2007 50th Top Ten New Product Award from Nikkan Kogyo Shimbun, Ltd.

The winner of Nikkan Kogyo Shimbun's 2007 50th Top Ten New Product Award, the AG Series Linear Motor Driven High-Speed Die Sinker Electric Discharge Machine Tool is opening new discharge machining frontiers through its incorporation of amazing graphite electrode "zero-wear" technology and improved operability ensured by the adoption of a new LP power supply.



Private Showing

2008 Spring Academic Seminar

Sodick held its 2008 Spring Academic Seminar at its Yokohama head office for three days, from January 31 to February 2. In this seminar Sodick introduced "zero-wear" applications and proposed an array of innovative manufacturing revolution examples that use Sodick's new discharge technology. 2500 visitors were recorded, the highest ever total for this event, and the seminar ended on a high note.



New Products

AD325L aids high-precision parts processing in the medical equipment and aerospace industries

Equipped with Sodick's latest technology, using optimum arrangement of the discharge processing unit, the AD325L provides the smallest footprint in its class. Also, emphasis is placed on workability at the processing site, and an auto program creation function is provided so that even beginners can create complicated processing shapes easily, improving production efficiency.



New Sales Structure

Sodick establishes new sales structure

To provide an improved customer service experience and further develop production demand through proposal-type sales activities, Sodick has consolidated five regional sales subsidiaries and launched Sodick Sales Japan Co., Ltd.. This integration of sales-related management resources helps to reinforce our sales infrastructure.

- Corporate name: Sodick Sales Japan Co., Ltd.
- Capital: 490,000,000 yen
- Head office: 3-12-1 Nakamachidai, Tsuzuki-ku, Yokohama, Japan 224-8522
- Directors and Auditor
 - President: Shigeo Shioda
 - Managing Director: Tomohide Kawamoto
 - Director: Shingo Kurokawa
 - Director: Yukinori Shimada
 - Director: Naoki Mori
 - Auditor: Shunji Omoda

Message to Shareholders

Total Manufacturing Solution

The resolve to contribute to manufacturing through creating technology, implementing, and surmounting obstacles.

I would like to extend warm greetings to all of our shareholders.

At the 32nd ordinary general meeting of shareholders and Sodick board meeting held on June 27, I was named president of Sodick Co., Ltd. We will work as one and further strengthen the company that my predecessor Mr. Shioda built over the past seven years, in the process helping the company grow based on a variety of management resources.

I feel that the management environment has changed greatly in the last few years. There are many factors to consider, including the subprime loan issues that have been rattling the financial markets since last year and the stalling of the US economy because of that, as well as steep rises in crude oil and raw materials. In this situation it is difficult to predict what the future holds. We cannot help but feel the effects inside Japan as well.

Having said that, there are countries and regions such as BRICs and VISTA where the economy is growing. Also, in the world of manufacturing, which we have been continuously engaging in since our company was founded, it is a fact that there are many new trends, such as the use of increasingly complex IT equipment, improvements in delivering high levels of functionality, and the need for product development and manufacturing.

Even in such an intensely changing environment, we take advantage of our technological prowess and creativity to achieve our best in terms of the sophistication of our operation and stabilization of our existing business. Further, we continue to work hard to expand our business and develop new business opportunities and bring maximum profits to our shareholders based on our founding philosophies of creating, implementing, and overcoming obstacles without missing trends.

As you did for my predecessor, I ask for your continuous advice, guidance and support going forward.



Kazuo Kato, President

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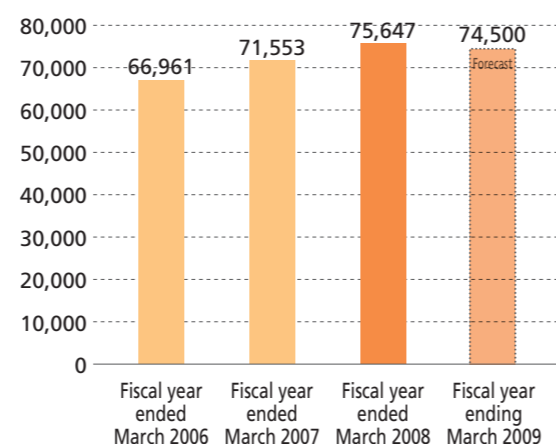
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Overview

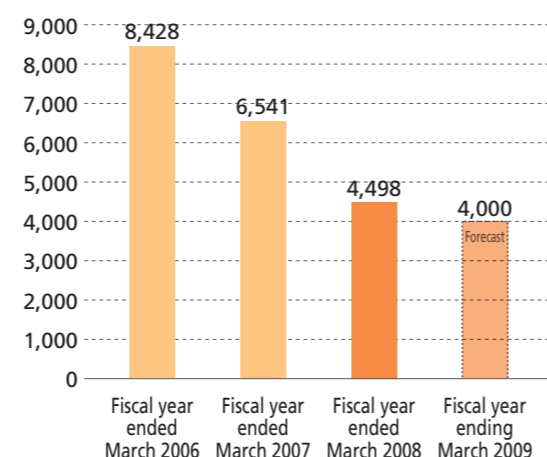
The Japanese economy in the term under review was marked by growing uncertainty over the future outlook, given soaring prices for crude oil and other raw materials and the deepening impact of the U.S. sub-prime problem on the real economy. As to the business environment of Sodick Group, in the domestic realm demand was weak from Japan's dies and molds industry, Sodick Group's main customer segment, but foreign demand continued favorably in China and posted strong growth in European markets. In this environment, Sodick Group took proactive steps to meet customer needs through research and development of new products and worked to reinforce its production bases. Thus, machine tool operations came to market with a revolutionary electric discharge machining tool (AG Series), featuring a novel electric power source (LP Electric Power Source), that enables processing an entire graphite electrode from rough processing to finish, and also launched a new high-speed milling center (HS Series). As to production capabilities, a new factory for electric discharge machining tools was set up in Xiamen city, China, and capacity was increased at the Group's Fukui plant in Japan as a domestic production base for high speed milling centers. Injection molding operations expanded in multi-functional versatile injection molding machines (LA Series), established an R&D center in Kaga city, Japan, and took steps to enhance production capacity and strengthen research and development capabilities. Moreover, efforts continued to develop hitherto untapped markets, including the Group's entry into food processing machinery as new operations. As a result of the foregoing, compared with the previous fiscal year, consolidated sales increased ¥4,093 million, an increase of 5.7%, to ¥75,647 million. However, operating income declined ¥108 million, decrease of 2.1%, to ¥5,133 million, while ordinary income fell ¥2,043 million, a decrease of 31.2%, to ¥4,498 million. Net profit for the period decreased ¥3,512 million, a decrease of 93.5%, to ¥244 million.

Consolidated financial highlights

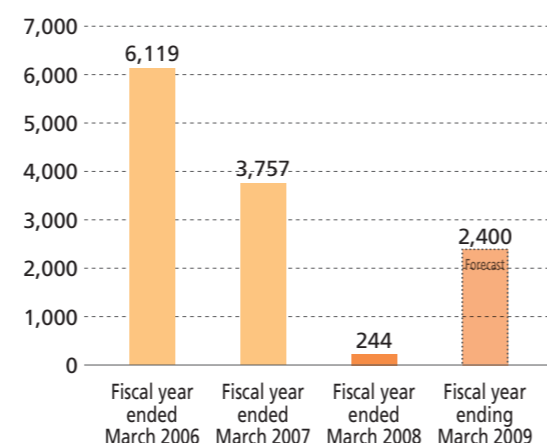
◎ Net sales (million yen)



◎ Ordinary income (million yen)



◎ Net income (million yen)



Overview by segment

Machine tools



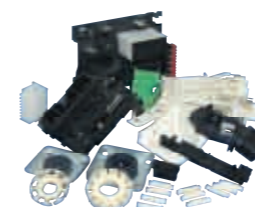
The domestic market environment remained weak as a recovery in capital investment demand in the dies and molds industry was late in coming. On the other hand, firm demand came for users overseas, with sustained favorable sales in Taiwan and mainland China and growing shipments to Europe's newly industrializing countries. Compared with the previous fiscal year, sales increased ¥1,858 million, an increase of 3.6%, to ¥54,124 million.

Industrial machines



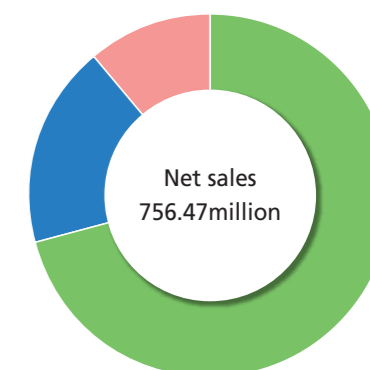
Small-sized precision injection molding machines saw foreign demand pick up in Taiwan, a key market, but experienced a decline in Korea, which also counts among main foreign markets. Domestic sales develop largely to plan, helped by solid shipments to the electronic precision parts industry. Precision XY stages for LCD panel inspection equipment declined on the year, despite signs in the second half suggesting a recovery in the year-on-year downtrend. Compared with the previous fiscal year, sales decreased ¥173 million, a decrease of 1.3%, to ¥13,563 million.

Other industries



Favorable conditions surrounded production and sales of precision mold and dies, precision mold articles, and large-size fine ceramics, as well as sales of integrated production systems for molds and dies. Additionally, the Group initiated development, production, and sales of food processing machinery. Compared with the previous fiscal year, sales increased ¥2,459 million, an increase of 41.9%, to ¥8,326 million.

Percentage of net sales



Machine tools	71.5%
Industrial machines	17.9%
Other industries	10.6%

Outlook for fiscal 2009

In the domestic realm, the pace of economic growth is seen to decline as the sub-prime problem deepens and the US economy keeps decelerating, with weakness expected also for capital expenditure. As to the global economy, the outlook is for a slowdown in the US but high growth is seen to continue in emerging countries, spearheaded by Eastern Europe and Russia.

Regarding the management environment of Sodick Group in the current fiscal year, forecasts are for a continued phase of economic stagnation, with a recovery in domestic capital expenditures still some way off. Based on these conditions, consolidated results forecasts of Sodick Group for the year to March 31, 2009, call for sales of ¥74,500 million, a decline of -1.5% on the year, operating income of ¥4,000 million, a decline of -22.1% on the year, ordinary income of ¥4,000 million, a decline of 11.1% on the year, and net income of ¥2,400, an increase of +881.9% on the year.

The above results forecasts are based on assumed average foreign exchange rates during the fiscal year of ¥105; ¥155, and ¥3.25, respectively, against the dollar, the euro, and the baht.

Disclaimer

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.

Interview with the President

At a board meeting held on March 25, 2008, Sodick board members decided to appoint president Shigeo Shioda chairman of the board and Kazuo Kato as the new president. Sodick intends to renovate and rejuvenate its management organization, ensure the medium- to long-term growth of Sodick and further improve corporate value.



Q A new management structure was put in place of June this year. Could you tell us the background behind and objectives for this move?

A We recognize that the framework of company growth was established in the past seven years when former president Shioda assumed leadership of the company. With that in mind, this new structure will bring new wind into the company through a transition of power to the next generation in order to create a more muscular constitution for the company, that is, to create a business structure that has a greater competitive edge. In recent years, Sodick profit ratios in overseas markets have been increasing and it is essential that we have a structure that can provide a quick response overseas. We believe that increasing the speed in which we move from understanding customer need to development will improve our profit structure. With this new structure, we are aiming at growth across the entire Sodick Group and are working to improve corporate value.

Q Could you give us an overview of your overseas strategy and the current status of overseas bases?

A The domestic market is expected to stay about the same for the time being but to improve business performance Sodick is trying to expand its overseas business. The emphasis is initially on Europe, followed by Asia and the US. In Europe, Sodick has acquired nearly 20% market share

and I think there is still room to grow. Currently, technical support is provided by the factories in Thailand and Japan. However, we want to have better, quicker communication with our customers. From here on out, our policy is to reinforce engineering human resources in Europe to further expand sales. Since we want to emphasize sales in Asia, we will roll out support teams in the Thailand factory and from there we want to provide total support including processing technology to emerging nations such as India, where growth is expected. For that reason, we will dispatch staff from Japan to the Thailand plant so that quicker response will be possible. The Amoy factory that began operating in September last year has different rules than those in Thailand and Suzhou and manufacturing in the Amoy factory focuses on mass-market models. In the Amoy factory we are looking at ways to reinforce the development of mass-market models and are also studying ways to improve the manufacturing structure in place there.

Q What is the current situation in the domestic market?

A In Japan, we have integrated five domestic sales subsidiaries into one company called Sodick Sales Japan. This helps us reduce indirect expenses in the management division and information collection can be concentrated within one company. If we take responsibility for achieving sales targets and execute a proposal type sales strategy, we believe we can increase the number of customers in Japan as well.

Q What are the strong points of Sodick in technology and development?

A With regard to development and technology, our strong point is our founding philosophy itself, that is, creating, implementing, and overcoming obstacles. The strength of Sodick technology is that we have inherited a development spirit in which we strive to create products that are not available anywhere else in the world. Sodick currently has five core technologies. Our idea is commercialization based on development centered on these technologies. Since we are a discharge processing machine tool manufacturer, we have five areas of emphasis:

- (1) Power supply systems for discharge processing,
- (2) CNC units that move these machines,
- (3) The use of materials with small thermal displacement, such as lightweight ceramics,
- (4) Linear motors, and
- (5) Motion controllers that move linear motors.

We believe our greatest strength is that we have been developing these five core technologies and commercializing products from that development effort. Though we strive to create products on our own we still understand that in some cases it is better to adopt cheaper, higher performance products. We believe that the most important thing is to create products that are accepted and valued by our customers.



Q Finally, please share your thoughts with the shareholders.

A The environment surrounding Sodick has been changing significantly. The environment is severe due to competition with others, steep rises in raw materials, and the appreciating yen. However, we are working to create a structure that will allow us to continuously increase profits by reducing costs and reinforcing our product competitive edge. We also want to create an environment in which shareholders can hold Sodick's shares for a long period of time and expect profits will be actively returned to our shareholders through a stable flow of dividends. Finally, we believe we must respond to the expectations of all people involved with Sodick, including our shareholders.



President Kazuo Kato

Consolidated Balance Sheets

Term	Period	
	Previous year (31st) As of March 31, 2007	Current year (32nd) As of March 31, 2008
Assets		
Current assets	69,889	70,464
Cash and deposits	21,348	19,974
Trade notes and accounts receivables	26,727	26,117
Installments receivable	276	277
Inventories	17,456	20,489
Others	5,065	4,339
Allowance for doubtful accounts	△986	△734
Fixed assets	30,588	33,502
Tangible fixed assets	23,116	27,155
Intangible fixed assets	1,232	2,255
Investments and other assets	6,239	4,092
Investment securities	3,885	2,864
Long-term loans	79	312
Others	2,548	1,400
Allowance for doubtful accounts	△274	△484
Total assets	100,477	103,967

Term	Period	
	Previous year (31st) As of March 31, 2007	Current year (32nd) As of March 31, 2008
Liabilities		
Current liabilities	40,449	47,785
Trade notes and accounts payable	13,999	15,068
Short-term debt	16,824	19,234
Bonds due for redemption within one year	1,727	3,516
Long-term debt due for repayment within one year	300	3,420
Other accounts payable	1,700	2,021
Income taxes payable, etc.	1,609	723
Others	4,285	3,800
Fixed liabilities	15,655	13,433
Bonds	8,100	3,560
Long-term debt	4,870	7,605
Others	2,683	2,266
Total liabilities	56,104	61,219
Net assets		
Shareholders' equity	39,620	37,984
Common stock	20,775	20,775
Capital surplus	6,949	6,949
Earned surplus	12,115	11,230
Treasury stock	△221	△971
Valuation and translation adjustments	1,422	16
Unrealized gains on securities	485	249
Others	936	△231
Share warrant	—	42
Minority interests	3,331	4,704
Total net assets	44,373	42,748
Total liabilities and net assets	100,477	103,967

Consolidated Statement of Income

Term	Period	
	Previous year (31st) April 1, 2006 to March 31, 2007	Current year (32nd) April 1, 2007 to March 31, 2008
Net sales	71,553	75,647
Cost of sales	49,651	51,941
Gross profit	21,902	23,706
Selling, general, and administrative expenses	16,676	18,594
Operating income	5,241	5,133
Non-operating income	2,267	783
Non-operating expenses	967	1,418
Ordinary income	6,541	4,498
Extraordinary income	267	163
Extraordinary loss	238	1,835
Income before income taxes and minority interests	6,570	2,825
Income, inhabitant, and enterprise taxes	2,695	1,985
Deferred taxes	—	137
Adjustment of income taxes, etc	△554	69
Minority interests (△)	△672	△388
Interim net income	3,757	244

Consolidated Statement of Cash Flows

Term	Period	
	Previous year (31st) April 1, 2006 to March 31, 2007	Current year (32nd) April 1, 2007 to March 31, 2008
Cash flow from operating activities	5,813	2,042
Cash flow from investing activities	△9,059	△7,133
Cash flow from financing activities	11,508	4,049
Effect of exchange rate on cash and cash equivalents	357	△665
Net increase in cash and cash equivalents	8,620	△1,706
Cash and cash equivalents at beginning of term	12,228	21,164
Cash and cash equivalents at newly consolidated subsidiaries or merge at beginning of term	370	324
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	△54	—
Cash and cash equivalents at end of current interim term	21,164	19,781

Consolidated Statement of Change in Shareholder's Equity (April 1, 2007 to March 31, 2008)

	Shareholders' equity						Stock acquisition rights	Minority interests	Total net assets
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity	Total valuation and translation adjustments			
Balance as of March 31, 2007	20,775	6,949	12,115	△221	39,620	1,422	—	3,331	44,373
Amount of change									
Dividend earnings (Note)			△398		△398				△398
Dividend earnings			△531		△531				△531
Decline in retained earnings due to exemption from equity method application			△196		△196				△196
Reserve for the awards and welfare fund for employees of foreign subsidiaries			△2		△2				△2
Net income			244		244				244
Acquired treasury stocks				△750	△750				△750
Disposed treasury stock		0		0	0				0
Total amount of change						△1,405	42	1,373	10
Net change in items other than shareholders' equity net change during interim term		0	△885	△750	△1,635	△1,405	42	1,373	△1,625
Balance as of March 31, 2008	20,775	6,949	11,230	△971	37,984	16	42	4,704	42,748

Note: Profit appropriation pursuant to the June 2007 annual general meeting of shareholders.

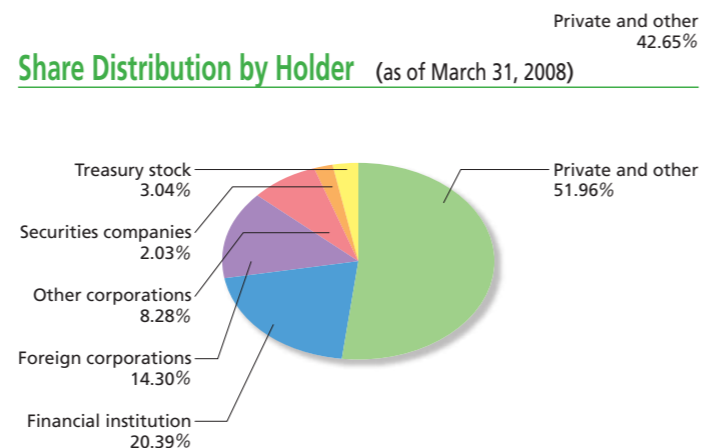
Share Information (as of March 31, 2008)

Total no. of authorized shares	150,000,000
Total number of shares issued	53,432,510
Total no. of shareholders	18,557

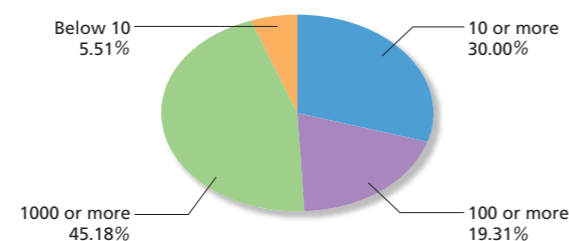
Major shareholders

Name of shareholders	No. of shares (shares)	Share of ownership (percents)
The Master Trust Bank of Japan, Ltd. (trust account)	2,367,000	4.42
Nikko Cititrust and Banking Co., Ltd. (investment trust account)	2,237,000	4.18
TOM Co., Ltd	2,024,246	3.78
Sodick Co., Ltd	1,626,188	3.04
Nothern Trust Company AVFC Sub-account American Clients	1,312,900	2.45
Japan Trustee Services Bank, Ltd. (trust account)	1,212,300	2.26
Sumitomo Mitsui Banking Corporation	850,000	1.59
The Chase Manhattan Bank N.A. London SL Omnibus Account	800,300	1.49
The Bank of New York Europe Ltd., 131705	710,000	1.32
Hokuriku Bank Co., Ltd	700,000	1.31

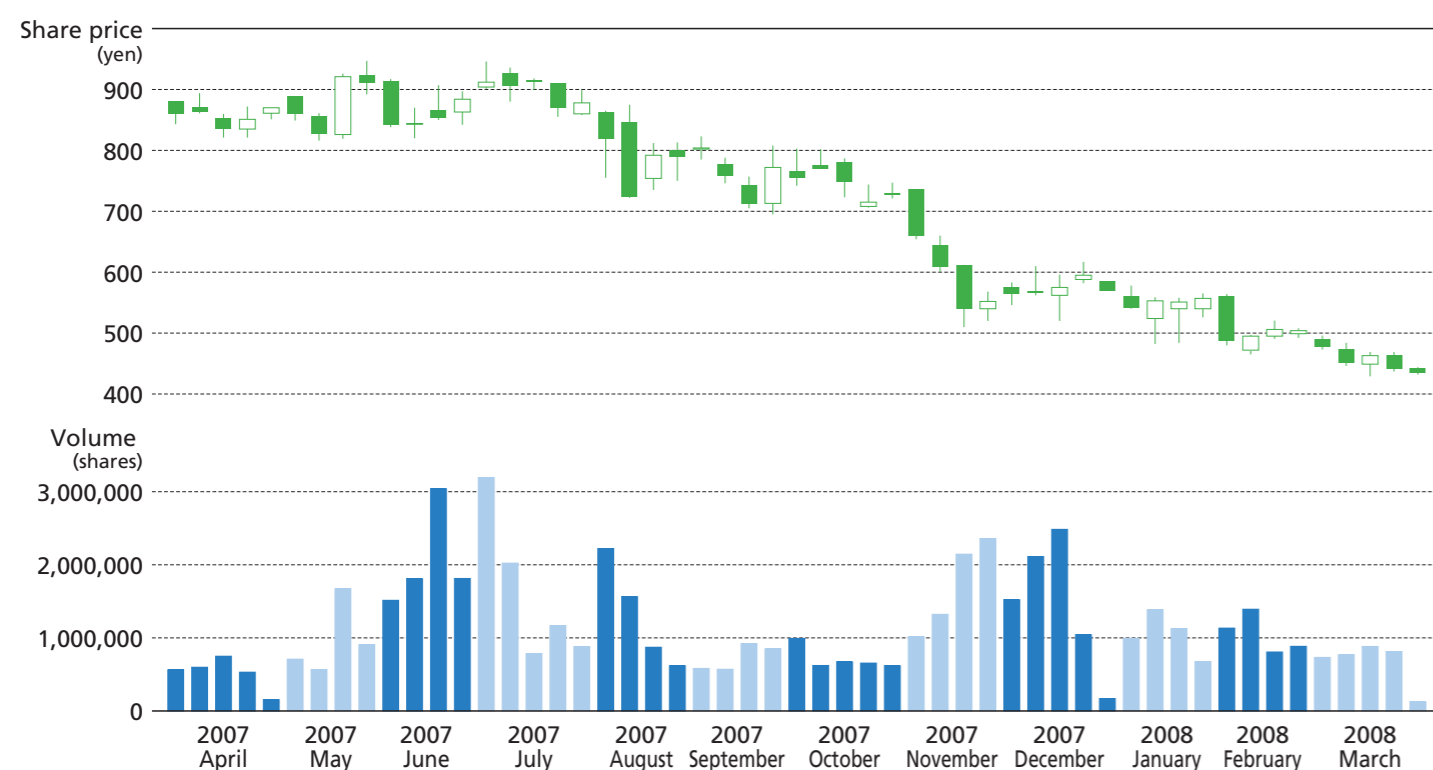
Share Distribution by Holder (as of March 31, 2008)



Distribution by Number of Shares Held (as of March 31, 2008)



Share Price and Volume Trends (as of March 31, 2008)



Corporate Profile (as of June 27, 2008)

Corporate name	Sodick Co., Ltd.
Head office	3-12-1 Nakamichidai, Tsuzuki-ku, Yokohama 224-8522, Japan
Phone	+81-(0)45-942-3111 (general)
Established	August 3, 1976
Capital	20,775,756,958 yen
Representative	Kazuo Kato
Employees	184 (3,622 consolidated) (as of March 31, 2008)
Consolidated subsidiaries	37 (as of March 31, 2008)
Main products	NC die-sinking EDM / CNC wire-cut EDM / NC small hole-drilling EDM developed / Specialist EDMs and special purpose models (pallet changers, robots, etc.) / Numerical Control / Specialist tools for EDMs / NC electrode machines / High speed milling machining center / Nano Processing Machine / CAD/CAM system for mold design / Precision injection molding machines / Industrial ceramics / Precision linear press / linear motor for industrial machinery / Other electronic processing equipment / Electronics parts and modules / various software / commissioned research and product developments / Food machinery / others

List of Directors (as of June 27, 2008)

Chairman	Shigeo Shioda	Director (General manager of Sales Support and Engineering)	Shigeru Kobayashi
President and Representative Director	Kazuo Kato	Director (General manager of Corporate Planning)	Kenichi Furukawa
Executive Vice President (Production Supervision)	Takashi Yamamoto	Corporate Auditor (Full-time)	Saeji Kusunoki
Executive Managing Director (Administration and Intellectual Property)	Katsuhide Fujiwara	Corporate Auditor (Full-time)	Sakuo Ueno
Executive Managing Director (Research and Development)	Yuji Kaneko	Corporate Auditor	Akiyoshi Koyama
Director (General manager of Sales)	Shunji Hyoda	Corporate Auditor	Kunio Ohki
Director (Overseas production)	Takeo Fujita	Corporate Auditor	Kazuhiro Shimoyama

*Among the auditors, Akiyoshi Koyama, Kunio Ohki, and Kazuhito Shimoyama are outside auditors stipulated for in the Corporate Law, Article 2, Term 16.

Shareholder Notes

Fiscal year	April 1 to March 31 of the following year
Annual shareholder's meeting	June
Fixed dates	Annual shareholders' meeting/March 31 Dividend at end of period /March 31 Other dates are announced in advance as necessary
No. of shares per unit	100
Shareholder register manager	Mitsubishi UFJ Trust and Banking Corporation
Transfer handling office	Securities Agency Department, Mitsubishi UFJ Trust and Banking Corporation
Address	1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Inquiries	Securities Agency Department, Mitsubishi UFJ Trust and Banking Corporation 7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081
Agents	All Japanese branches of Mitsubishi UFJ Trust and Banking Corporation All Japanese branches of Nomura Securities Co., Ltd.
Public notice	Online at Sodick's corporate website

For share-related matters, please call Mitsubishi UFJ Trust and Banking Corporation at the following numbers (lines open 24 hours a day), or visit our website.
Phone (free calls within Japan): 0120-244-479 (Head Office Securities Agency Dept.), 0120-684-479 (Osaka Securities Agency Dept.) Website <http://www.tr.mufg.jp/daikou/>