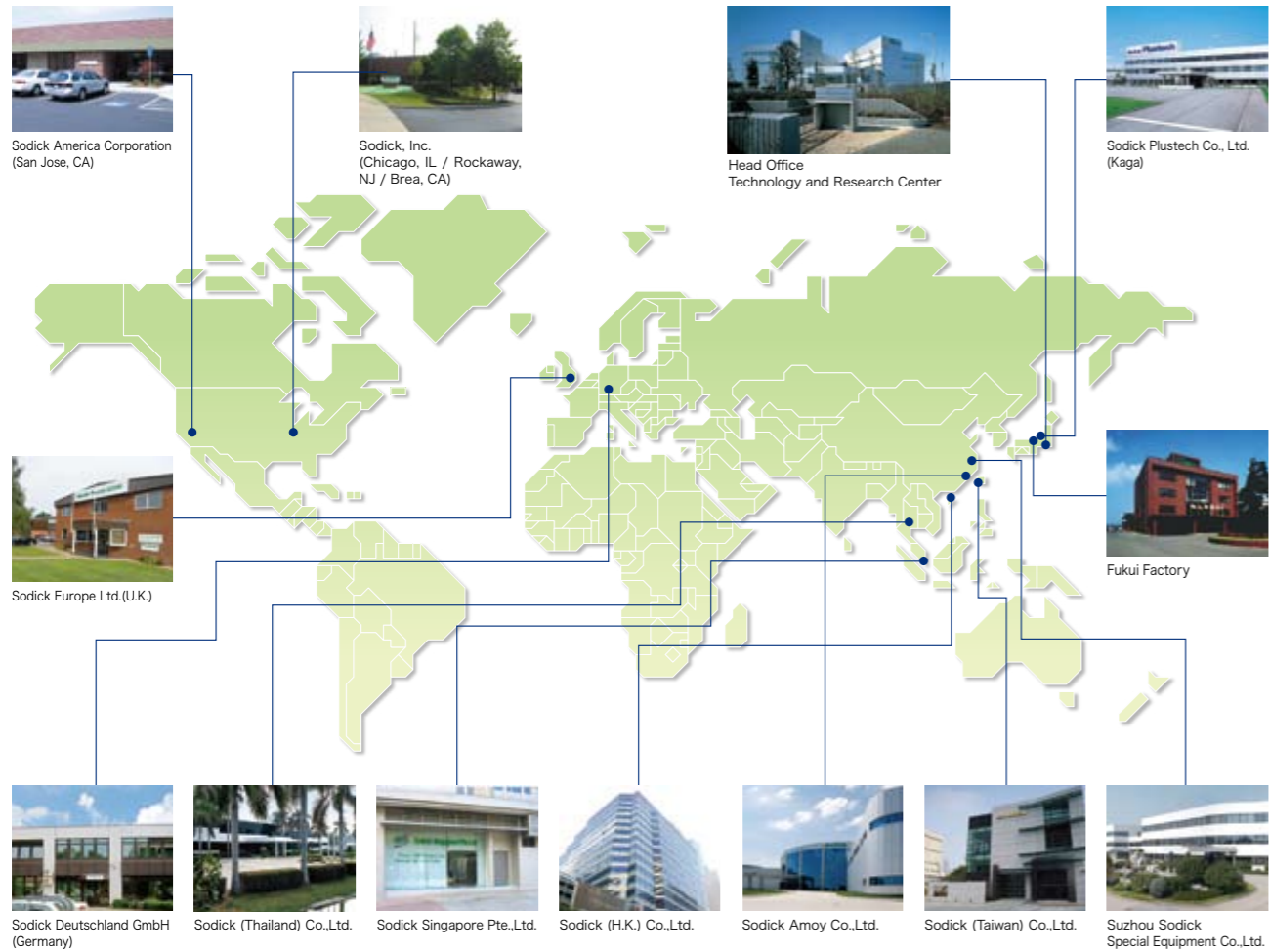


**Major Locations Worldwide** (as of March 31, 2010)

**Domestic**

Head Office	Yokohama
Branches	Sendai, Ota, Omiya (Saitama), East Kanto (Kashiwa), Fukui, Matsumoto, Shizuoka, Nagoya, Osaka, Okayama, Fukuoka
Factories	Fukui Factory, Kaga Factory



**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)

**Sodick Website**

<http://www.sodick.co.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](mailto:ir@sodick.co.jp)



**Mobile Website**

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

We regularly update and deliver the latest information  
covering exhibitions, sales support and products.



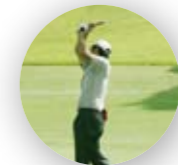
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**Business Report**  
**for Fiscal Year 2010**

April 1, 2009 to March 31, 2010

**Sodick**



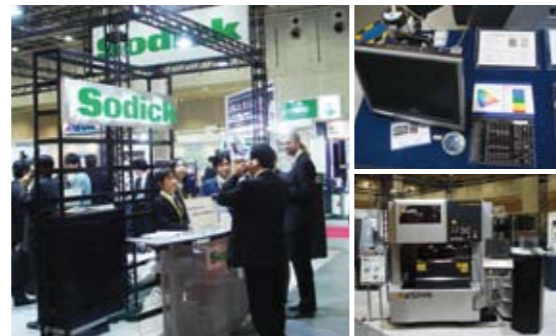
Sodick Co., Ltd.

Sodick Corporate Highlights 2009.11-2010.6

Exhibitions

Sodick exhibits at INTERMOLD 2010

Sodick was on exhibit at INTERMOLD 2010 (the 21st Japan International Die & Mold Technology Exhibition), which was held at INTEX OSAKA (Osaka, Japan) on April 14-17. This special exhibition for metal processing technologies is convened alternately in Tokyo and Osaka, with this year's INTERMOLD held in Osaka. Due to the fact that Osaka is home to numerous molded resin product manufacturers, as well as major LED manufacturers, Sodick emphasized the substantial benefits obtained from utilizing the Sodick Group's electric discharge machining tools and injection molding machines at each step of the LED manufacturing process. Sodick's booth created a lively and enthusiastic atmosphere, and attracted large numbers of visitors, particularly from major manufacturers and parts suppliers.



New Products

Sodick begins overseas sales of IPM motors

Sodick Group possesses superb, must-have elemental technologies that it has developed in-house, including linear motors that have sparked a revolution in electric discharge machining tools. We recently developed a proprietary IPM motor that uses neodymium magnets, and began production at our Amoy (China) plant. With magnets buried internally within its structure, the IPM motor offers benefits such as improved efficiency, energy-savings and high torque. As a result, these motors are being adopted for use in air conditioners, hybrid automobiles and other products, and the market size continues to expand. Sodick Group is selling the IPM motors for machine tools and industrial machinery, and is working to increase earning capacity.



New Business

Sodick launches LED lighting business

Sodick has launched a new LED lighting business following its investment in Clear Inc., a firm that is developing the LED lighting business and will continue under its new trade name, Clear Sodick Co., Ltd. (referred to below as "Clear Sodick"). By supplying its advanced production technology capabilities, human resources and capital, Sodick will develop an LED lighting business that can contribute to society through Clear Sodick, which possesses a high level of LED lighting-related technology. Sodick Group will seek further growth in this business in the future, and will contribute to energy-saving and environmentally friendly "green" innovation in the environmental services business centered on Sodick's LED lighting operations.



**[Clear Sodick Co., Ltd. Corporate Outline]**  
 Representative: Kazunori Miyamoto, President and Representative Director  
 Capital: 180,900,000 yen (after capital increase)  
 Business contents: Development, manufacture and sales of LED lighting  
 Address: 3-13-1 Hatchobori, Chuo-ku, Tokyo, Japan

# Create your future

I would like to extend my warmest greetings to all of our shareholders. Looking back on our 34th Business Period, I think we can say it was a year in which the Sodick Group continued to plant seeds for rapid future growth even as the global economy struggled under conditions of a worldwide downturn.

During the fiscal year, the operating environment was negatively affected by the global slump in manufacturing capital investment, particularly for metal molds, during the first half, but during the second half of the year a move toward recovery in capital investment began to appear in certain countries and regions including China and the business environment shifted gradually to a recovery trend. In addition, although demand from automobile-related companies for injection molding machines manufactured by our subsidiary Sodick Plustech Co., Ltd. remained weak, the future prospects for China's economy and the ecology sector could be sensed from changes such as the steady sales of LED-related products, which have attracted considerable attention because of their low environmental impact.

Faced with such a business environment, the Sodick Group worked to restore its operating results through an absorption-type merger with Sodick Hightech Co., Ltd., a major subsidiary, as well as the consolidation and reorganization of offices, reductions in expenditures, a solicitation for voluntary early retirement and other measures. Nevertheless, we were unable to recover fully from the slump in the first half, and net sales and earnings were sharply lower in our machine tool operations and industrial machinery operations, and for the 34th Business Period consolidated net sales were ¥36,761 million and the consolidated operating loss was ¥2,688 million.

In light of the Company's full-year operating results, the future business environment and other considerations, we have elected to forego our year-end dividend, a decision we sincerely regret. I apologize sincerely to our shareholders for this result. Moreover, with regard to the dividend for the next fiscal year, management has not made a decision at this time because of the numerous uncertainty factors affecting our operating environment. I believe this next fiscal year, in which it appears the economy has reached its low point, will be a crucial period. All of our employees are united in our goal of returning to profitability during this term, and we will do our best to improve the corporate value of the Sodick Group as we pursue our business operations. I humbly ask for the continued understanding and support of all of our shareholders.



**Katsuhide Fujiwara**  
 President and Representative Director

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### Overview

The Japanese economy in the period under review stopped deteriorating helped by rising exports to Asia centered on China as well as thanks to governmental economic stimulus. The outlook remained uncertain, however, with progressing deflation and yen appreciation delaying a recovery in corporate earnings and amid unchanged weakness in personal consumption and worsening employment conditions.

As to the operating environment of the Group, unstable conditions continued as the dies and molds industry, a principal customer of the Group, kept holding back with capital investment.

Amid this environment, the Group absorbed Sodick Hightech Co., Ltd., a major subsidiary, pursued various business rationalization measures including the relocation and consolidation of operating bases, review of staff deployment, and enforcement of expense reductions, while working on the development of products for new emerging markets with potential for future growth, and in this way prepared operations for the time after the economic rebound.

Based on these developments, consolidated sales declined ¥17,771 million (-32.6%) compared with previous fiscal year to ¥36,761 million. Earnings experienced an operating loss of ¥2,688 million (loss of ¥2,512 million a year ago), ordinary loss of ¥3,073 million (loss of ¥5,717 million a year ago), and a net loss for the period of ¥3,669 million (loss of ¥8,527 million a year ago).

### Forecast for Next Fiscal Year

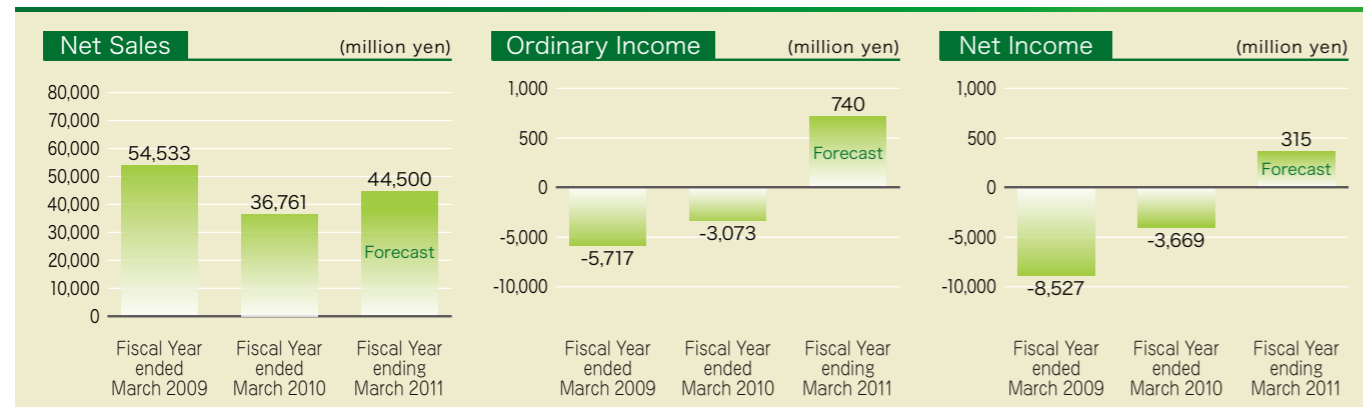
The outlook going forward is for an upturn also in the Japanese economy based on expectations that support will come from external demand of rebounding emerging economies, specifically China, India, and Brazil, which have been first to recover from the global recession and maintain high growth rates. Nonetheless, since a sudden upturn in business capital investment and personal consumption appears unlikely and with intense pressure on employment seen to continue, the pace of recovery in the business environment is expected to be slow.

In this setting, the Group will continue with exhaustive cost reductions while pursuing initiatives geared at emerging economies that offer future growth potential as well as new business operations. Especially in China the Group anticipates significant demand for its products, specifically manufacturing equipment for precision electronics such as mobile phones and netbooks, and manufacturing equipment for automotive electric components. In order to enable flexible action with regard to these favorable economies and regions, the Group will form global sales systems and strive to enhance its earnings basis, with the aim to return to black figures in the fiscal year to March 2011.

Group results forecasts for the fiscal year to March 2011 are for consolidated sales of ¥44,500 million (+21.1%), consolidated operating income of ¥1,200 million, consolidated ordinary income of ¥740 million, and consolidated net income of ¥315 million.

※ The above forecast results are based on assumed average foreign exchange rates during the fiscal year of JPY93/USD1.0 and JPY125/EUR1.0.

### Consolidated Financial Highlights



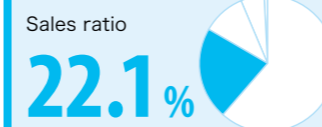
### Overview by Segment

#### Machine Tool Operations



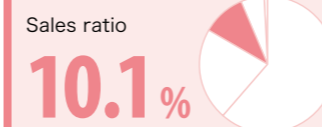
Machinery sales in electric discharge machining tools and precision cutting machines were affected by weak capital investment demand from customer industries including the dies and molds industry in the first half of the fiscal year, but thanks in part to the economic recovery in China the pace picked up in the second half. In this environment, the Group adjusted production and optimized inventory levels while working to raise revenue by promoting sales of consumables likely to see stable demand such as wires used with wire electric discharge machining tools. As a result, divisional sales decreased ¥13,243 million (-36.9%) compared with previous fiscal year to ¥22,631 million.

#### Industrial Machinery Operations



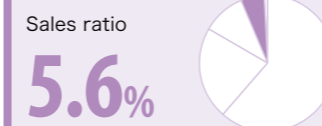
Small-scale precision injection molding machines, the mainstay of industrial machinery operations, performed strongly in a number of areas such as capital investment demand for LED products, but overall conditions were weak. As a result, divisional sales decreased ¥4,061 million (-33.3%) compared with previous fiscal year to ¥8,142 million.

#### High-Precision Mold and Die Machinery Operations



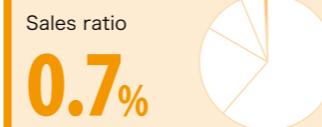
Production and sales in High-Precision Mold and Die Machinery Operations performed favorably thanks to increased orders for precision connectors for automotive applications, helped by strong sales of hybrid vehicles. As a result, divisional sales rose ¥16 million (+0.5%) compared with previous fiscal year to ¥3,724 million.

#### Food Processing Machinery Operations



Food Processing Machinery Operations develop and manufacture noodle production equipment and noodle production plants. Orders for noodle production plants developed positively. However, cost-increasing factors abounded, including a necessity for new development work in connection with some new orders. As a result, divisional sales rose ¥48 million (+2.4%) compared with previous fiscal year to ¥2,067 million.

#### Other Operations



These operations engage in the production and sales of large-scale fine ceramics, and sales of integrated production systems for dies and molds. Demand for fine ceramics applications for LCD panel testing equipment during the period lacked strength. As a result, divisional sales decreased ¥602 million (-66.7%) compared with previous fiscal year to ¥300 million.

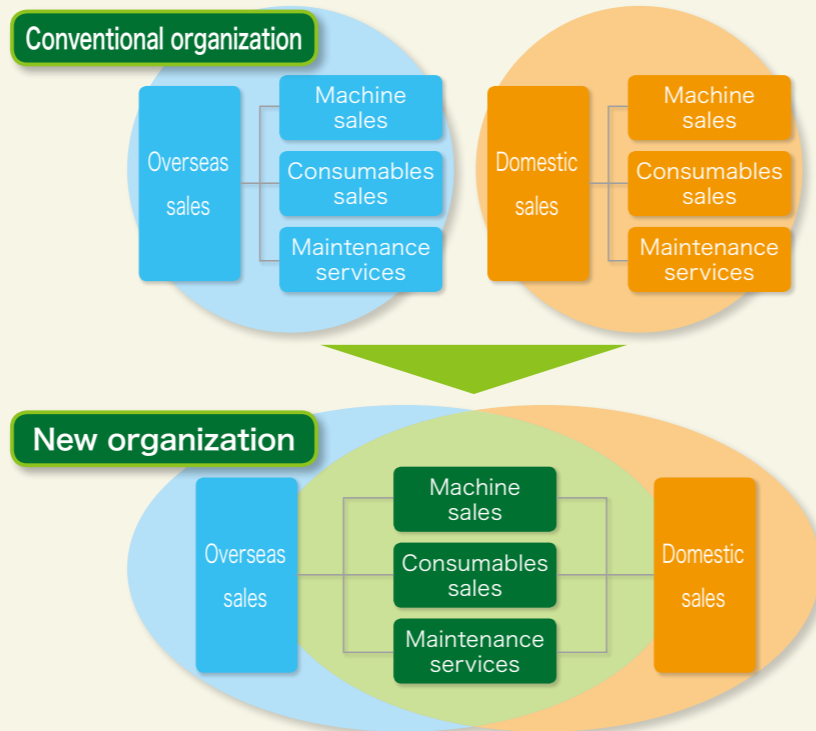
# The New Organization of the Sodick Group

## Charting our management course in response to changes in the market environment

In 2009, the total value of Japan's machine tool production fell 56.5% compared with the previous year to US\$5,888.9 million. As a result, the crown for the world's leading production volume, which Japan had worn since 1982, was passed to China. The flow that is shifting the center of the machine tool market away from traditional industrialized nations to newly developing countries, centered on China and other players, is certain to continue in the future. To adjust to the maturity of its domestic market and the growth of overseas markets, the Sodick Group has adopted sweeping measures including a structural reorganization. In this section, we introduce the look of the new Sodick Group that will meet shareholders' expectations.

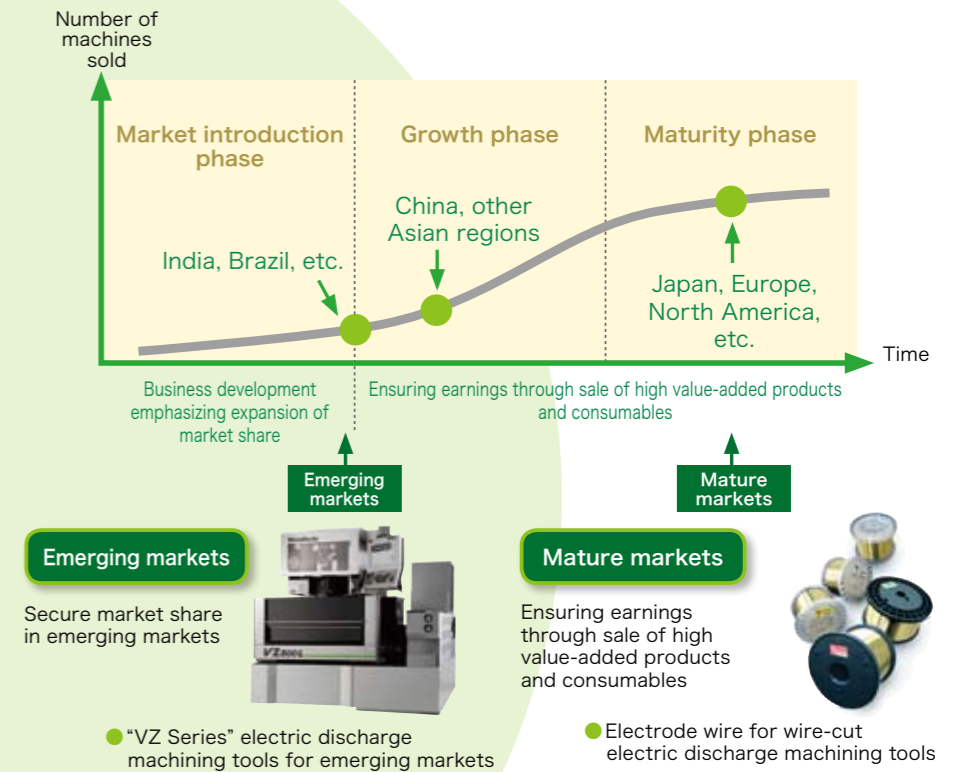
## 1 Global sales organization strengthened

Due to the rapid growth in overseas markets such as China and its surrounding region, the relative weighting of total machine tool sales in Japan has declined. As the machine tool market in newly developing countries such as India and Brazil will also expand in the future, globalization of the machine tool market is certain to progress even further. The Sodick Group will create a global sales organization, and respond flexibly in a manner that reaches across the barriers between regions and products.



## 2 Sales strategies corresponding to each type of market

The clear split of the machine tool market into "mature markets" comprised of industrialized nations such as Japan and "emerging markets" such as the BRICs and VISTA is expected to progress in the future. In each market, the growth potential, categories of equipment demanded and sales prices differ significantly. The Sodick Group strives to ensure earnings in mature markets through the sale of its high value-added products and consumables, while working in emerging markets to secure market share.



## Expand use of the Amoy plant

To take advantage of the Amoy plant's cost competitiveness, Sodick will broadly expand production beyond just electric discharge machining tools and also produce injection molding machines, food machinery and other machines.



● "CA100L" injection molding machine for the China market

## Increase development speed

Sodick will make maximum use of the advantages from China's large-scale market and pursue nimble product development that reflects market needs

## 3 Increase Amoy, China plant use and development speed

Emerging markets call for easy to use, low-priced machine tools whose functions have been reduced to the absolute minimum requirement. What's more, because the growth and development of newly developing country industries is extremely fast, the development pace for the products demanded in these markets is also greater than in the past. To respond to this environment, the Sodick Group will strengthen production at its Amoy plant, which is highly cost competitive and well suited for attracting top-class employees, and position the plant as the axis of the Sodick Group's future development strategy.

**Point**

**Current Assets**

Current assets decreased by ¥9,141 million compared with the end of the previous consolidated fiscal year to ¥42,156 million. This result reflected the effect of efforts to collect receivables and reduce inventory assets as part of the Company's management improvement plan.

**Fixed Assets**

Fixed assets were ¥30,611 million, down ¥2,442 million compared with the end of the previous consolidated fiscal year. Amortization exceeded the amount of new investment, and fixed assets declined as a result of the Company restricting new capital investment during the consolidated fiscal year under review because of the strong sense of uncertainty in the outlook for the economic environment.

**Liabilities**

Liabilities fell by ¥8,030 million compared with the end of the previous consolidated fiscal year to ¥48,919 million. A ¥6,426 million reduction in short-term borrowings compared with the end of the previous consolidated fiscal year as the Company moved to cut interest-bearing debts as part of its management improvement plan, and redemptions that decreased corporate bonds by ¥2,434 million compared with the end of the previous consolidated fiscal year, were the main factors behind the decrease in liabilities.

**Consolidated Balance Sheet**

Item	Period	Previous year (33rd) As of March 31, 2009	Current year (34th) As of March 31, 2010
<b>Assets</b>			
Current assets		51,297	42,156
Fixed assets		33,053	30,611
Tangible fixed assets		25,649	23,786
Intangible fixed assets		3,507	2,743
Investments and other assets		3,897	4,081
<b>Total assets</b>		<b>84,351</b>	<b>72,767</b>
<b>Liabilities</b>			
Current liabilities		42,809	36,781
Fixed liabilities		14,140	12,137
<b>Total liabilities</b>		<b>56,950</b>	<b>48,919</b>
<b>Net assets</b>			
Shareholder's equity		27,288	23,599
Capital stock		20,775	20,775
Capital surplus		6,949	6,949
Retained earnings		1,698	(1,990)
Treasury stock		(2,135)	(2,135)
Evaluation and conversion difference		(1,721)	(1,341)
Subscription rights to shares		71	24
Minority interests		1,762	1,566
<b>Total net assets</b>		<b>27,401</b>	<b>23,848</b>
<b>Total liabilities and net assets</b>		<b>84,351</b>	<b>72,767</b>

**Consolidated Statement of Income**

Item	Period	Previous year (33rd) April 1, 2008 to March 31, 2009	Current year (34th) April 1, 2009 to March 31, 2010
Net sales		54,533	36,761
Gross profit		15,090	8,887
Operating loss		(2,512)	(2,688)
Ordinary loss		(5,717)	(3,073)
Loss before income taxes		(6,914)	(3,422)
Net loss		(8,527)	(3,669)

**Point**

**Operating loss**

The operating loss increased by ¥176 million compared with the previous fiscal year to ¥2,688 million. Although gross profit fell by ¥6,202 million compared with the previous consolidated fiscal year along with the drop in capital investment demand from customer industries, the operating loss amount was nearly unchanged from the previous consolidated fiscal year as a result of thorough steps to slash expenditures including personnel expenses.

**Net loss**

The net loss decreased by ¥4,858 million compared with the previous fiscal year to ¥3,669 million. The main factors behind the improvement were foreign exchange gains of ¥69 million in the consolidated fiscal year under review, a significant reversal from the foreign exchange losses of ¥2,244 million in the previous consolidated fiscal year, and business structure improvement expenses totaling ¥622 million that were reported as various costs for the rationalization of operations.

**Consolidated Statement of Cash Flows**

Item	Period	Previous year (33rd) April 1, 2008 to March 31, 2009	Current year (34th) April 1, 2009 to March 31, 2010
Cash flow from operating activities		1,935	7,256
Cash flow from investing activities		(7,088)	(693)
Cash flow from financing activities		4,605	(9,437)
Effect of exchange rate changes on cash and cash equivalents		(747)	(15)
Net change in cash and cash equivalents		(1,295)	(2,891)
Cash and cash equivalents, beginning of year		19,781	18,693
Increase in cash and cash equivalents from newly consolidated or merger of subsidiaries		207	2
Cash and cash equivalents, end of year		18,693	15,804

**Cash flow**

Cash flows from operating activities increased ¥5,321 million compared with the previous fiscal year to ¥7,256 million. The primary factor behind this large increase was the positive results from efforts to decrease inventory assets and trade receivables.

Net cash used in investing activities fell ¥6,395 million compared with the previous fiscal year to -¥693 million. The Company decreased the amount of funds used as it controlled new capital investment and spending was focused on investment in facility renewals.

Net cash used in financing activities decreased ¥14,042 million compared with the previous fiscal year to -¥9,437 million. The main uses of funds were expenditures of ¥6,462 million for redemption of short-term borrowings, expenditures of ¥2,434 million for redemption of bonds and ¥2,466 million used for the redemption of long-term borrowings.

## Share Information (as of March 31, 2010)

Total number of authorized shares	150,000,000
Total number of shares issued	53,432,510
Total number of shareholders	16,350

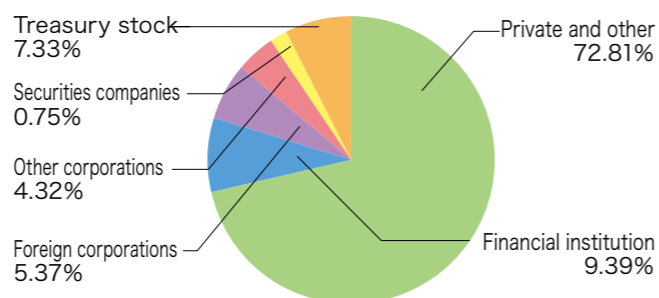
## Major Shareholders (as of March 31, 2010)

Name of shareholders	No. of shares (shares)	Share of ownership (percent)
Sodick Co., Ltd.	3,920,587	7.33%
Toshihiko Furukawa	2,345,975	4.39%
Hideo Ohmura	1,045,400	1.95%
Northern Trust Company (AVFC) Subaccount American Client	944,200	1.76%
Sodick Business Partner Stock Ownership Association	880,900	1.64%
Sumitomo Mitsui Banking Corporation	850,000	1.59%
Japan Trustee Services Bank, Ltd. (trust account)	739,000	1.38%
Masaaki Suzuki	726,260	1.35%
Hokuriku Bank, Ltd.	700,000	1.31%
Sodick Employee Stock Ownership Association	541,170	1.01%

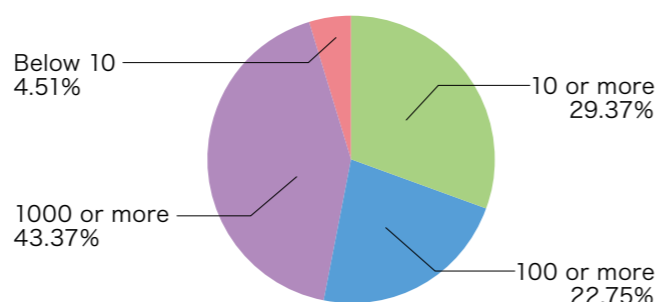
## Corporate Profile (as of March 31, 2010)

Corporate name	Sodick Co., Ltd.
Address (Head office)	3-12-1 Nakamachidai, Tsuzuki-ku, Yokohama, Kanagawa 224-8522, Japan Phone: +81-(0)45-942-3111 (representative)
Established	August 3, 1976
Capital	20,775,756,958 yen
Representative	Katsuhide Fujiwara
Employees	289 (2,575 consolidated)
Consolidated subsidiaries	27
Main products:	NC die-sinking EDM / NC wire-cut EDM / NC small hole-drilling EDM / Specialist EDMs and special purpose models (pallet changers, robots, etc.) / Numerical control / Specialist tools for EDMs / High speed milling machining center / Nano processing machine / Integrated production system / Precision injection molding machines / Industrial ceramics / Linear motor for industrial machinery / Other electronic processing equipment / Wires for EDMs / Precision dies and molds / Electronics parts and modules / Various software / Food machinery / Commissioned research / Others

## Share Distribution by Holder (as of March 31, 2010)



## Distribution by Number of Shares Held (as of March 31, 2010)



## List of Directors (as of June 29, 2010)

Chairman and Representative Director	Toshihiko Furukawa
President and Representative Director	Katsuhide Fujiwara
Executive Vice President	Hideo Hosaka
Senior Executive Managing Director (Chief Officer for Sales)	Keisuke Takagi
Senior Executive Managing Director (Chief Officer for Product Technology)	Yuji Kaneko
Executive Managing Director (Sales Division General Manager)	Takashi Matsui
Executive Managing Director (Customer Engineering Division General Manager)	Kousaku Karato
Executive Managing Director (Integrated Planning Division General Manager)	Kenichi Furukawa
Director (Chief Officer for Europe and America Region Sales)	Mitsuhiro Kubo
Director (Production Division General Manager)	Shuji Okazaki
Director (Domestic Sales General Manager)	Yukinori Shimada
Director (Research and Development Division General Manager)	Takenori Harada
Director	Masaaki Suzuki
Standing Statutory Auditor	Saeji Kusunoki
Statutory Auditor	Akiyoshi Koyama
Statutory Auditor	Kunio Ohki
Statutory Auditor	Kazuto Shimoyama

\*Among the auditors, Akiyoshi Koyama, Kunio Ohki and Kazuto 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
Dividend at end of fiscal year	March 31
Dividend at end of 2nd quarter	September 30
Annual shareholder's meeting	June
Administrator of the shareholder register	Mizuho Trust & Banking Co., Ltd.
Administrator's contact	Mizuho Trust & Banking Co., Ltd., Stock Transfer Agency Department 2-8-4 Izumi, Suginami-ku, Tokyo 168-8507, Japan Phone: 0120-288-324 (Toll free in Japan)
Account management institution for special accounts	Mitsubishi UFJ Trust and Banking Corporation
Stock listing	Tokyo Stock Exchange, 2nd Section
Stock code	6143
Public notice	Notification shall be given electronically. Public notices shall be released on the following URL: <a href="http://www.sodick.co.jp/ir-f.html">http://www.sodick.co.jp/ir-f.html</a> (However, in the event of an accident or other unavoidable circumstances where electronic public notification is not possible, public notices shall be published in the Nihon Keizai Shimbun.)

### 【 Notice 】

- Accompanying the conversion to an electronic certificate system, change of address, purchase applications and other such procedures requested by a shareholder are now principally handled by the account management institution (securities company, etc.) where the shareholder has opened an account. Please inquire at the securities company or other institution where you have your account. Also, please note that the administrator of the shareholder register (Mizuho Trust & Banking Co., Ltd.) does not offer such services.
- For information on the various procedures concerning shares recorded in a special account, please contact the following office at Mitsubishi UFJ Trust and Banking Corporation, Sodick's administration institution for special accounts.
- Unclaimed dividend distributions are payable at the Mizuho Trust & Banking Co., Ltd. Head Office.

## 【 Procedures pertaining to shares of stock 】

### ○ Stock shares registered in accounts at securities companies, etc.

Description of procedure, inquiry, etc.	Where to inquire	
<input type="radio"/> Inquiries related to sending and return of mail <input type="radio"/> Inquiries related to distribution after payment period expiration <input type="radio"/> General inquiries concerning share administration	Administrator of the shareholder register	Mizuho Trust & Banking Co., Ltd., Stock Transfer Agency Department 2-8-4 Izumi, Suginami-ku, Tokyo 168-8507, Japan Phone: 0120-288-324 (Toll free in Japan)
<input type="radio"/> Address, name and other such changes <input type="radio"/> Designations of method for receipt of dividends <input type="radio"/> Procedures, inquiries, etc. other than those listed above	Please inquire at the securities company or other such institutions where you have opened your account.	

### ○ Stock shares registered in special accounts

Description of procedure, inquiry, etc.	Where to inquire	
<input type="radio"/> Requests for transfers from special account to ordinary account <input type="radio"/> Purchase requests for odd-lot transactions <input type="radio"/> Address, name and other such changes <input type="radio"/> Special account balance inquiries <input type="radio"/> Designations of method for receipt of dividends*	Account management institution for special accounts	Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department 7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, Japan TEL 0120-232-711 (Toll free in Japan)  [ Methods for requesting procedure forms ] <input type="radio"/> Request made through automated telephone service 0120-244-479 (Toll free in Japan) <input type="radio"/> Online downloads <a href="http://www.tr.mufg.jp/daikou/">http://www.tr.mufg.jp/daikou/</a>
<input type="radio"/> Inquiries related to sending and return of mail <input type="radio"/> Inquiries related to distribution after payment period expiration <input type="radio"/> General inquiries concerning share administration	Administrator of the shareholder register	Mizuho Trust & Banking Co., Ltd., Stock Transfer Agency Department 2-8-4 Izumi, Suginami-ku, Tokyo 168-8507, Japan Phone: 0120-288-324 (Toll free in Japan)

\*Shareholders owning shares of stock registered under a special account may not select pro rata distribution according to the number of shares as the method for receiving dividend distributions.